

BULLETIN OF THE
DEPARTMENT OF PUBLIC WELFARE
CITY OF CHICAGO

LOUISE OSBORNE ROWE, Commissioner



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BULLETIN OF THE
Department of Public Welfare
City of Chicago

LOUISE OSBORNE ROWE, Commissioner

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NOVEMBER, 1916

No. 4

FOREWORD

The Commissioner regrets the delay in the publication of the November Bulletin of the Department of Public Welfare. This delay may be attributed to the enormous task of securing the vast amount of material contained in the survey of loan sharks, and compiling the loan shark catalogue.

The appreciation of the social agencies and the public, as evidenced by the increasing number of applications for all issues of the Bulletin, is a source of gratification to the Commissioner, and it is sincerely regretted that the present demand cannot be met by the Department, the absence of funds being entirely responsible for the refusal of many requests.

The Commissioner desires to thank the readers of the Bulletin for their favorable comment and words of encouragement.

LOUISE OSBORNE ROWE,
Commissioner.

ANNOUNCEMENTS.

(Social Agencies)

SOCIAL SERVICE CLUB.

The November meeting of the Social Service Club will be held at the City Club, 315 Plymouth Court, Monday, December 18, 1916. All reservations must be made in writing and delivered to the City Club by noon of the day of the meeting. Cancellations may be made to the operator (Harrison 8278) until noon of the same day.

Professor Scott Nearing, Dean, Toledo University, will be the speaker of the Meeting. His subject will be:

The Social Worker and the Social Problem.

ANNOUNCEMENTS.

(Department of Public Welfare.)

The Department of Public Welfare is engaged in preparing for publication the 1917 Social Service Directory. A directory of social workers of Chicago will be a new feature of this edition. All agencies and social workers are urged to co-operate in making the Directory a complete and useful handbook. Returning promptly questionnaires and forms sent to the agencies; notifying the Bureau of Information of new organizations and agencies in the field, or of changes in existing organizations; suggesting from experience in using the directory how it could be made more comprehensive and useful, are ways of co-operating.

The Commissioner kindly requests the Superintendents of social agencies receiving the Monthly Bulletin to circulate it among their staff. A number of social workers connected with agencies receiving the Bulletin have asked for individual copies, but, owing to the fact that our mailing list covers the entire monthly edition, it is impossible to supply any agency with more than one copy until such time as the edition is increased.

The Study of Family Desertion, to which reference has been made in previous issues of the Bulletin, has been published and is ready for distribution. As the edition is a limited one, it is not possible to supply all those on the monthly mailing list with copies. A special mailing list has been prepared from the requests for copies received by Dr. Eubank and the Department, and the remaining copies will be sent, as long as the supply lasts, to those making special application.

After the publication of the October Bulletin, it was discovered that the list of references on pages 35, 36 and 37 were accredited to the Journal of Associations of Engineering Societies instead of the "Metal Worker, Plumber and Steamfitter." We regret this error.

The Loan Shark in Chicago

**A Survey made by the Bureau of Social Surveys
Department of Public Welfare
City of Chicago**

THE LOAN SHARK IN CHICAGO

By

Earle Edward Eubank, Ph. D.

INTRODUCTION.

During July of 1915 the Bureau of Information was established as an activity of the Department of Public Welfare in order to meet in a constructive way the constantly increasing demand upon it for legal advice and general relief from persons unfamiliar with the Department's real functions. In dealing with the applicants for assistance, one of the most important as well as most perplexing problems encountered was that ever-present one of the self-respecting, heretofore independent, man or woman who, through illness, industrial depression, seasonal occupation, or some other cause, had fallen into temporary unemployment and was feeling, through no personal fault, the cramp of actual need. With any small savings consumed and no negotiable credit to fall back on, many such persons had reached the poverty line and had come to the Department pitifully appealing for a small loan to tide over the emergency and to save them from the humiliation of asking charity. Many of these could return to work at the beginning of the next season; others were capable persons whose references and prospects of securing work were good. In no sense could they be classified as paupers at the time of their appeal.

To all such requests the Department was compelled to turn a deaf ear, for its purposes have not been, and are not intended to be, those of a remedial loan association or bureau for general relief; but worse than being obliged to make refusal to these petitioners, the Department was compelled to tell many of them that there was no place in the City of Chicago to which they could safely turn for this kind of assistance. Had they been able to furnish a wage assignment, backed up by a good record of employment, there would have been recourse to the First State Industrial Wage Loan Society. Had they been able to furnish pawnable security, the First State Pawnners' Society might have afforded a solution. In the absence of both of these, two courses remained—to throw themselves on charity or to accept the friendly offices of the professional money lender, who would advance money provided they could offer satisfactory chattels as security.

All too often the latter of these alternatives was chosen as the lesser of the two evils. The professional usurer waxes prosperous not merely upon tribute paid by the unthrifty, improvident and foolish; thousands who are victims of misfortune only, add to his coffers. Sometimes seeing no other way out, they put themselves into his power knowingly. More often they do it ignorantly, led afield by auspicious promises, and the law of the State of Illinois, as it stands at present, lends small comfort to any one who has been thus victimized.

The repeated experiences of the Department of Public Welfare in dealing with persons having this particular type of need have borne in upon it repeatedly the necessity for a changed condition in this city. Out of this conviction the following survey has come. Its purpose has been three-fold:

1. To present a concrete array of facts concerning the activities of the professional money lender in Chicago which will serve to educate the public to the necessity of eliminating him from the community;
2. To suggest ways and means by which this elimination may be accomplished; and
3. To suggest measures for meeting in a constructive way the very real need for legitimate substitutes for the loan shark.

The study has been undertaken after consultation with and with the advice of Mr. Marvin B. Pool, President of the Industrial Club of Chicago, and Mr. Daniel P. Trude, Attorney, who for two years was in charge of the Loan Shark Campaign conducted by the Chicago Tribune.

To Mr. Trude and to Mr. Orville W. Lee, the Department desires espe-

cially to express indebtedness for the manifold ways in which they have personally assisted the study as it has gone forward and for the materials which they have made available for our examination.

Grateful acknowledgment must also be made for the generous way in which the Legal Aid Society and the First State Industrial Wage Loan Society of Chicago have responded to the somewhat exacting demands which have been made upon their files and records, as well as upon the time of their office forces.

Specific mention should be made of the personal assistance rendered by Mrs. William E. Boyes, Superintendent, and Mr. Guy M. Blake, for a time the loan shark attorney, for the Legal Aid Society; by Mr. Arthur E. Hill, General Manager of the First State Industrial; and by Mr. Samuel Wolfert, Manager of the First State Pawnors' Society. Valuable materials as well as constructive suggestions have been received from Mr. Arthur H. Ham, Director of the Division of Remedial Loans of the Russell Sage Foundation.

For obvious reasons mention can not be made by name of the several members and ex-members of the loan shark fraternity itself who have freely given information from the inside as to the technique of the loan shark business. Nevertheless, the Department of Public Welfare wishes publicly to include its acknowledgments to them, as well as to the others who have been mentioned.

The field work of the survey has been performed by Mabel E. Gregg, Investigator of the Department of Public Welfare. To her belongs credit for the statistics and tabulations on the loan shark situation in Chicago which are presented from time to time; and especially for the materials which are presented in the Loan Shark Directory.

I. WHAT IS A LOAN SHARK? -

At one time or another there comes to most men the urgent necessity for securing in some way a small sum of ready money to tide over an emergency. At such times those are fortunate who have friends that can be pressed into service, property which can afford security, personal credit which can be utilized, or salary which can be drawn in advance; but many persons are not so fortunately placed, and in their extremity feel obliged to patronize some professional money lender whenever it is necessary to obtain relief from the financial pressure of the moment.

In practically every city and large town of the United States there exist men who make a business of exploiting the financial needs—real or fancied—of individuals who have no other recourse which they are able or willing to utilize. Not content with the reasonable profit of a legitimate business, these professional money lenders use the urgent necessity of their patrons to exact from them in illegal ways usurious rates of interest, extortionate fees and special charges, mounting up in some cases to hundreds of per cent. a year. They have, in many instances as well organized companies, built up a systematic technique of business, none the less effective because contrary to law. Elaborate devices for holding old trade and securing new, reprehensible ways of collecting illegal charges, skillful processes for evading the law—these are worked out with consummate skill.

To this class of money lenders popular speech has applied the descriptive term "loan shark," an unmistakable phrase which has found a place for itself in our common language before it has in the dictionary.

The question of usury is not a new one. It is almost as old as the human race itself; certainly as old as any financial system. In earlier periods of history, interest and usury were used as synonymous terms, and any one who attempted to extract a fee for the use of a loan was looked upon as immoral. An interesting statement of the ancient aspects of usury laws was presented by Mr. A. D. Baldwin, before the third annual convention of the National Federation of Remedial Loan Associations in 1912:

"Aristotle and Plato condemned interest; Solon passed laws against it. As early as 547 B. C. the rate of interest was fixed at five per cent. The result, however, of the Roman law was that it was found to be impractical, and it was raised in 89 B. C. to twelve per cent. The next development in the interest of a debtor was the first bankruptcy law, which was enacted by Julius Caesar; Justinian in A. D. 533, classified rates of interest according to the rank or business engaged in by the borrower. Some could receive twelve per cent., some eight, some six and some four.

"In the middle ages in England, the canonical law condemned interest of any kind, and in the time of Henry III Parliament made the exaction of a fixed charge unlawful. Of course there were many methods practiced of evading so impractical a law, just as all usury laws have always been evaded.

"In the sixteenth and seventeenth centuries in England the rate was restricted to ten and eight per cent. at different times. In France, Turgot in 1769 wrote his essay on 'The Price of Money,' in which he defended the practise of leaving the borrower and lender to make their own bargains. It was due largely to the influence of his work that at the time of the Revolution France abolished all restriction on interest."

Varieties of Loan Shark.

In general, two classes of loan shark may be differentiated: First, *the chattel loan broker*, who takes as security mortgages on furniture and household goods or on some personal property of the borrower; second, *the salary loan broker*, who takes as security an assignment of the wages of the borrower. Often the two will be combined in a single transaction. Where the salary broker can do so he makes himself doubly secure by taking a chattel assignment in addition to the salary assignment.

There are numerous varieties of these two classes. Many business houses, especially jewelry and clothing establishments which advertise easy credit, do so by making an enormous interest charge in one form or another for the favor. Certain furniture houses are particular offenders in this respect. While advertising to "sell" furniture on installments, the person who is so unfortunate as to fail to meet a payment, discovers that the paper which he signed when he secured the goods was in reality a chattel mortgage making over to the furniture house all of the goods purchased, a mortgage including a generous interest charge, which is in effect until the last cent is paid on the whole. If the mortgage is foreclosed, not only does the furniture go back to the store, but the firm frequently *sues for the balance due on the furniture*. To make payment more secure, wage assignments may be taken which may subsequently be used to compel the purchaser to complete the transaction. Or, if not a mortgage, the purchaser may discover that he has signed a *lease* for the furniture, a mere agreement to pay certain rent periodically for the use of the goods, the transaction not to constitute a purchase until the full amount is paid.

Some concerns are a little more open in their presentations. Instead of extending credit, they offer to lend their customers (at illicit rates) money "to purchase for cash" what they want.

Some loan brokers operate as savings banks. Some operate as pawn brokers under the sign of the three balls, charging no interest whatsoever upon the amount loaned, but substituting therefor a written agreement to re-sell to the pledger within a specified time the article pawned. The re-selling price will be a distinct advance over the amount loaned, ordinarily at least ten per cent a month. In this way, if a redemption does not take place for six months, then the price at which the lender agrees to re-sell has advanced sixty per cent. In this way the laws against over-charge of interest may be avoided. The transaction technically has been one of purchase and sale, with the purchaser free to buy back or not, just as he chooses, with the statement of interest appearing nowhere in the transaction at all.

From these few references it may be seen that loan shark methods and

cruel extortion are not confined strictly to money lenders. A further study should be made of the methods used by the Chicago installment and credit houses and by the pawnbroker establishments. Because of the vastness of the field, the present inquiry has not extended far outside of the two main types first indicated, viz., the regular chattel and salary loan brokers, whose transactions are out and out loans, and not confused by matters of purchase and sale.

II. THE LOAN SHARK IN CHICAGO.

Extent of the Business.

Obviously a business which is so questionable in character avoids publicity. For this reason accurate statistics as to its extent can not be given. Mr. Arthur H. Ham, Director of the Division of Remedial Loans of the Russell Sage Foundation, in his address before the National Conference of Charities and Corrections in 1911 gave some conclusions on this point based upon some investigations then recent. Boston, with a population of about 700,000, less than a third that of Chicago, was estimated to have one hundred professional money lenders and one hundred thousand borrowers. Portland (Maine), with a population of 60,000, had twelve usurers; Syracuse, with a population of 140,000, has twenty-four. Atlanta (Georgia), with a population of 155,000, had fifty-eight. In general, his investigations showed with fair conclusiveness that in every city of more than 30,000 population, one usurer would be found to every five to ten thousand, and approximately five borrowers to every one hundred of the population, or about twenty per cent of the number who vote.

Mr. Arthur E. Hill, Manager of the First State Industrial Wage Loan Society, in a statement before the 1914 convention of the National Federation of Remedial Loan Association, stated: "Chicago has long been known by all the money lenders as the safest and most liberal city in the United States in which to operate. For that reason, the loan companies are probably more numerous there than in any other city."

That Chicago is especially favored by usurers is due not merely to the fact that business here is good, but owing to the additional fact that the state law is such that the business can be operated practically free of risk. While the highest contract rate of interest which may be charged is only seven per cent (except by special companies organized under special enactment for remedial loan purposes as will be described further on in this report), the law entirely neglects to fix a penalty for charging a higher rate. The victim, if he employs his full legal rights, can save nothing more than the interest. Aside from that, no punishment can be meted out to the extortioner, as the law stands at present, for any exaction in excess of seven per cent. This makes the business safe, for the lender knows that an insignificant minority of his patrons are aware of their rights under the law; and it has been held by the local courts that he may not even recover interest after it has been paid, provided it can be shown that he paid it voluntarily at the time, even though it has been usurious.

One of the main purposes of the present study has been to discover the extent of the business in Chicago. Weeks have been spent in investigation and in running down clews of many varieties in an attempt to locate as many individual operators in the city as possible. It is too much to suppose that we have located them all, and ours does not claim to be an exhaustive list. Our efforts, however, have brought to light 229 separate concerns, 139 of which were actively engaged in business November 1, 1916. Of this number, cases of actual extortion are on file against 199 (some of which have ceased to operate as such; some of which have been combined with other companies), and against the others the circumstantial evidence is conclusive. This list, with a statement concerning each, appears in this report as Appendix A, "A Loan Shark Directory." No addresses are published for two reasons. First, the Department of Public Welfare is not engaged in prosecuting specific cases, but is attempting to lay the foundation for constructive measures against the loan shark fraternity as a whole; second, to make public a list of addresses would

oe to give extensive advertising to the firms which might be turned to their advantage in a business way, and so militate against the very end which the Department is seeking to reach. The Department, in its formal recommendations, makes them with reference to illicit money lending as a *business*, not as an attack upon individual persons or companies.

The complete list, with full information, is, however, on file at the office of the Department, where it is public property and at the disposal of any person who may have a legitimate concern in seeing it.

While the extent of the list as compiled coincides closely with the statement of Mr. Ham as to the ratio of loan sharks to the general population, we have reason to believe that the actual list, if known, would be much more extensive and possibly double. Most of the 139 maintain fixed offices and office-forces and are organized as business concerns; but many companies have ceased to do business under old and familiar names at well-known addresses and are probably operating in new locations and with new names, whom we have been unable to locate. How the list would be expanded by the addition of individuals operating entirely *sub-rosa*, and from the concealment of private residences or offices ostensibly devoted to other purposes, we have no way of knowing. We have reliable information to the effect that there are many men (and some women) who are operating profitable loan-shark businesses as side lines under cover of more respectable occupations.

More difficult than the task of locating a loan shark in the first instance is that of determining the extent of the business which he is doing. Even when he is known there is at present no way of getting at his books to learn the number of customers, number of loans, average amount loaned, and other items which would be essential to determining the volume of his trade and the size of his profits, except through a judicial order to bring him into court. That his earnings are enormous goes without saying; otherwise the enterprise would not flourish as it does. A member of the Loan Shark "Clearing House" some months ago stated that 150,000 would be a conservative estimate of the number of live accounts on the books of the members of that organization alone; and the members of this association are by no means all of the known operators in the city.

Mr. Ham, in the address mentioned, stated that at that time (1911) the amount of usury collected from victims in New York City was "twice as much as that required to support the Charity Organization Society, the Association for Improving the Condition of the Poor, the United Hebrew Charities and the Bellevue and Allied hospitals."

The loan shark directory, which appears as Appendix A, contains, after a number of the firms listed, a statement of the approximate extent of business done by them annually. While this is only an approximation, and for reasons given not verifiable in all cases, it is something considerably more than mere guesswork; it is the estimate furnished, for the most part, by attorneys formerly connected with the Tribune Anti-Loan Shark Bureau, who have had intimate contact with the concerns themselves in court or elsewhere. They are therefore in a position to make a more nearly accurate statement than can be obtained anywhere outside of the ranks of the loan sharks themselves. In some of the cases the figures were made known when, upon prosecution, certain of the firms were compelled to show their books and records in open court.

As a matter of fact these estimates have been verified for the Department by an ex-manager of a money lending firm which was for over a decade connected with the Chicago loan shark "clearing house" and in a position to know the inside of the financial affairs of the leading firms operating in the city. His own firm, which he said was not by any means the largest, loaned an aggregate of only about \$70,000 a year. The larger ones ran up into hundreds of thousands of dollars loaned annually, and, in his own words, "it would be very conservative to call \$85,000 the average business done yearly by regularly organized firms."

One hundred and thirty-nine firms, operating in Chicago with an average business of \$85,000 per year, would mean a loan shark business of at least \$11,000,000 a year in this one city.

His own firm he regarded as "conservative," being content with an interest of only twelve per cent a month as reasonably satisfactory. This enabled them to double their money every year and left a generous margin against loss and to cover overhead expense. While some firms make much less, he was free to say that most of them make much more. The loan shark investigation made by the Chamber of Commerce of Pittsburgh, in 1909, found the rate of interest to range "from forty per cent in a very few cases to about one hundred and twenty per cent in most, and in the case of the so-called 'renewal' loans, to as high as several hundred per cent."

Mr. Ham mentions a single company operating five offices in one city which made a total of forty-five thousand loans in a single year at an average interest charge of two hundred and twenty-eight per cent. Mr. Isador Shapiro, State Representative of Jefferson County, Alabama, in his crusade for loan shark legislation in that state, gives specific instances of interest charges of forty per cent a month. The following is an affidavit of one of these:

"State of Alabama,
Jefferson County.

Before me, Nell Freeman, a Notary Public in and for said state and county, personally appeared Monroe Stewart, who being first duly sworn, deposes and says, as follows:

'My name is Monroe Stewart, and I live in Birmingham, Ala. I have lived here about fifteen years. For the last three years I have been borrowing money from, and have been indebted to, Mr. Hal J. Copeland, except for about six months, when I was off the road. I work for the Alabama Great Southern Railroad, as brakeman. In March, 1912, I borrowed money from Mr. Hal J. Copeland, and have been indebted to him ever since, except about six months. On all the money I have borrowed from Mr. Copeland I have paid him twenty per cent interest every month, and if I did not pay the money when it was due, I had to pay him forty per cent, or forty cents on the dollar. If I borrowed money the day before pay day and paid it back the next day, I would have to pay twenty per cent interest for that one day just the same. For the last six or seven months, *I have been paying him forty per cent interest every month*, because I got one month behind. Every month for the last two and a half or three years Mr. Copeland has gotten my check from the paymaster, and I have been forced to go and borrow money from him to buy groceries with, and have paid him twenty per cent on all the money borrowed, and forty per cent if it was not paid on the day it was due. I make between sixty and seventy dollars a month. Every month Mr. Copeland gets my check and I then go to him and give him another assignment, and he loans me from thirty-five to fifty dollars of my money to live on during the month, at twenty per cent. interest.

MONROE STEWART.'

Subscribed and sworn to before me this 1st day of September, 1915.

NELL FREEMAN,
Notary Public."

In Chicago the situation is fully as deplorable as those uncovered anywhere. Instances of exorbitant interest charges of loan sharks here, supported by documentary evidence, could be given almost without number. The case of Mr. S—, which came to the attention of Mr. Trude, is typical and will serve perhaps as well as any other by way of illustration:

"Mr. S—, who is a hard working German, was receiving a salary of about twelve dollars a week with which to support his wife and family. He borrowed \$15.00 in March, 1912. As he could not read or write English, the papers were signed by his mark and witnessed by the loan shark. After he had paid in about \$15.00 on the note which he signed, his payments began to run behind and the loan shark tied up his salary. The agent then called at the house of Mr. S— and Mr. S— not being at home,

the loan shark representative told Mrs. S.— that if she would sign the paper it would release her husband's salary. She was not able to read English, but could write a little, and signed hers and her husband's name on the paper. This paper afterwards proved to be a new note for \$17.00. The loan shark continued to collect on this last note until his annoyance of the employer caused Mr. S— to lose his position. He had just begun to work with the new employer when a fake assignment was filed. Notwithstanding the fact that the assignment was not legal, the bureau held up Mr. S—'s pay, and when the victim went to the bureau, the family was in want and the man did not even have car-fare to go home. Although the loan shark insisted that this was a new loan, and he had loaned \$15.00 additional, he was glad to settle the claim for \$3.00; and when the victim's papers were turned over to the bureau, it was found that the loan shark not only had the usual assignment, but was holding a \$1,000 insurance policy on the life of Mr. S—, and a \$260.00 policy on the life of Mrs. S—, and a \$260.00 policy on the life of their child. The truth of the matter was that the loan shark had loaned \$15.00 and in six months had received back \$20.00, and was trying to take advantage of this man's unfamiliarity with the English language to fleece him out of \$17.00 additional."

A genuine dyed-in-the-wool loan shark apparently considers his business to be losing out unless he is able at least to double the amount which he loans every year. If a conservative estimate of the 139 and more organized loan businesses in the city indicates them to be loaning some eleven millions a year, the conclusion is that at least another eleven millions is extracted from the pockets of the loan shark victims in Chicago every year. Compare this with the statistics as to relief issued by the Cook County Agent which show that approximately one person out of every ten in Cook County at one time or another in the course of a year, receives charitable assistance.

Of the 139 firms discovered to be now in active business in Chicago 17 were engaged exclusively in the chattel loan business; 73 were engaged in the salary loan business, although many of them make themselves doubly safe by taking security on household goods in addition to the wage assignment. Forty-nine of the number were regularly making both salary and chattel loans.

Of the agencies found 90 have loan shark records with both the Legal Aid Society and First State Industrial Wage Loan Society, organizations which have carried on a defense of loan shark victims from extortionate demands as an active part of their regular work. In addition to these 90 the Legal Aid Society has loan shark records against 61 firms which have no record with the First Industrial, and the First Industrial has loan shark records against 48 which have no record with the Legal Aid. This makes a total of 199 concerns which have operated in Chicago in recent years against whom the loan shark evidence is complete.

There is something incongruous in the thought of women taking part in so nefarious a business, but our investigations show that they are among the most successful practitioners. In 20 cases the owners or proprietors were women; in two additional cases women were active managers. Women are actively employed in more or less responsible capacities in the office of many others.

Location of Business.

(according to the last known address).

Several of the concerns run two or more loan offices. The 229 separate agencies previously mentioned were represented under 263 names, distributed as follows:

In the loop	152
South Side	39
West Side	23
North Side	13
Addresses uncertain	36

The "financial center" of the business may be located at Dearborn and Madison streets. Fifty-two of the loop offices were on Dearborn within a block north or south of Madison; 10 were in one building; 12 in another, and 15 in still another.

The trade may be further localized: 25 companies located south of 39th street, 5 in South Chicago, 8 "back of the yards," 9 at or near prominent transfer points on 63rd street, especially the intersection of Halsted and 63rd; 5 in or convenient to the "Black Belt." The fact that certain companies specialize in loans to employees of transportation companies accounts for the large number of companies,—21 altogether,—located at or near transportation terminals or junctions.

III. TECHNIQUE OF THE LOAN SHARK BUSINESS.

A cardinal principle of the loan shark business is that it shall be carried on with as little conspicuousness as possible. Numbers of designations are employed with the intent of concealing the true character of the concern. Professional usurers are found in the Telephone Directory under all of the following classifications:

Investments and securities.
Real Estate.
Coal Dealers.
Lawyers.

Tailors.
Banks.
Manufacturers' Agent.
Collections.

The loan shark "clearing house" has its headquarters in an office on Dearborn street, but the glass door is devoid of any business insignia whatsoever. "Commercial paper" is a designation on the office door and the business stationery of one concern. Among the ones most difficult to reach, and most harmful, are those which pose as banks and use such descriptive terms as "United States," "Peoples," "Illinois," "Federal," "State," in connection with them, to give the impression that they are doing a regular banking business, or are in some way connected with the government.

Comparatively few loan shark companies are incorporated, partly because incorporation would necessitate keeping indefinitely the name which is written into the charter. This would be exceedingly inconvenient for some of them who make it a practice to change names from time to time as one grows too unpopular. Even with incorporated concerns, permission is secured to change the name from time to time.

The complete list of 229 names and addresses of money-lenders, including those in Appendix A, was sent by the Department of Public Welfare to the Secretary of State of Illinois with a request that his office should indicate which of them had been incorporated together with the date and purpose for which chartered. Of the entire 229 only 18 were found who had been chartered in Illinois at any time, and of the 18 nine have already been canceled, in most cases for failure to file an annual report as required by law.

The purpose of incorporation where specified is worthy of note. The exact wording of a number of charters follows for several illustrative cases:

i. "To conduct a general lunch-counter, restaurant and hotel business and to do and perform all the necessary business incident thereto."

ii. "For the examination of titles to real and personal estate, to furnish information upon which to base credits, to transact a general collection business."

iii. For the purpose of "manufacturing and sale of dry-goods."

iv. For the purpose of "carrying on the business of buying and selling bonds and other securities."

v. "To manufacture and deal in furniture, stoves, rugs, and all kinds of household properties."

vi. "For the purpose of raising, harvesting and dealing in leaf tobacco; to purchase and own real estate in connection with said business, and to transact any legitimate business coming within the province of this corporation as regards the purchase and sale of personal property."

vii. For the purpose of "purchasing and presenting plays in carrying on the theatrical business."

Definitely chartered for such objectives as the foregoing, various loan firms freely use the term "incorporated" upon their printed matter, conveying the impression that they have been incorporated for loan purposes particularly. As a matter of fact not a single one of the charters which were recorded by the Secretary of State carries within them any provision for doing a money lending business. Such concerns should be prevented by law from doing business in a way which makes them appear to be endorsed by the State.

Not one in 20, as the report of the Secretary of State shows, are incorporated. The business is too shifty to desire permanence and fixity of name which incorporation would give. Change of name is resorted to frequently because of the unpleasant connections which associate with it after it has been running awhile. This gives it a mushroom-like character and complicates investigation. Circulars appear every two or three weeks advising the public that a "new" company has begun business at such and such an address. As a matter of fact the only new thing about the company is the name. The management and capital and outstanding claims of some company that has "gone out of business" merely take up a new designation and continue the even tenor of their ways; and verily, "a rose by any other name would smell as sweet."

Devices for Getting Business.

The success of the money lending business, as of any other, lies in its ability to get its offerings effectively before the public. Numerous ways exist of doing this:

Newspaper advertising. In times past the main reliance of the loan shark has been upon the newspapers which were more concerned with the amount of revenue to be derived than with the character of the source of revenue. The unrestricted use of the advertising columns of the widely read metropolitan daily is the greatest advertising privilege that a loan shark can have. Not only does an advertisement which appears there reach tens of thousands of readers, but its very presence there implies an endorsement of the advertiser to people who assume that their newspaper would not permit fraudulent presentations.

The character of this class of advertisements in themselves is such that the United States Government will not permit them to go through the mails. One company which is positively known to charge not less than 120 per cent a year advertises "organized to help poor, honest working people who cannot pay the exorbitant charge made by the so-called loan companies. Will loan you all the money you want at 5 per cent a year." Another, whose rates are from 10 per cent to 12 per cent a month declares "you cannot beat the rates we are offering; they are positively the lowest in the city."

Sometimes "blind" advertisements are run, cleverly worded, as business persons with no name attached. A person may negotiate a loan without even suspecting that he is dealing with a professional loan company. The following is an example:

"Retired business man with surplus cash, will make loans to deserving people. Address: M21—Daily Paper."

All of this is in violation of the State law, which reads (Hurd's Revised Statutes, 1915-1916, p. 893):

"102C. FRAUDULENT ADVERTISEMENT—PENALTY.] § 1. BE IT ENACTED BY THE PEOPLE OF THE STATE OF ILLINOIS, REPRESENTED IN THE GENERAL ASSEMBLY: That whoever, being any person, firm, corporation or association, in a newspaper, periodical, circular, form, letter, or other publication published, distributed or circulated in this commonwealth, in any advertisement in this commonwealth, knowingly makes or disseminates, or causes to be made or disseminated, any statement or assertion concerning the quantity, the quality, the value, the merit, the ability, the use, the present or former price, the cost, the reason for the price, or the motive or purpose of a sale, of any merchandise, securities or services or anything of value; or concerning the method or cost of production or manufacture of such merchandise; or the possession of rewards, prizes, or distinctions conferred on account of such merchandise, securities, services, or thing of value; or the manner or source of purchase of such merchandise or securities, or thing of value with intent to sell, or in any wise dispose of such merchandise, securities, services or thing of value; which is untrue or calculated to mislead, and known to be so by said person at said time; shall be guilty of a misdemeanor, and on conviction be sentenced to pay a fine of not more than one thousand dollars, or by imprisonment in the County Jail not exceeding sixty days, or by both such fines and imprisonment."

The advertising in the newspapers is skillfully adapted to the type of borrower to be reached. One agent who recently died specialized in school-teachers depending on the promise of the transactions being confidential to draw trade: "Only two will know it, you and"

Another makes an especial appeal to the housewife under the caption "Loans to house-keepers"; people who have been "victimized by the loan sharks" are invited "to come to us; the fact of your having other loans will not interfere with your getting one here." Others are entreated to "lump your obligations; borrow enough from us to pay off your other creditors." Still others are appealed to by the assurance of "no questions asked." "Loans in five minutes," "loans while you wait," "no delay nor investigation; you take the money with you," "write us and we will call with the money" and appeals which reach the impatient and extravagant. The man who is harassed by household necessities and possibly by creditors for last year's bills is appealed to by "loans for coal," "loans for rent," and loans for every other household obligation which can be mentioned. One concern advertises a loan of \$150.00 to be available to any man earning a salary of \$12.00 per week. Another, pressing hard on the "philanthropic" pedal, advertises not only money but "a friend" in time of need.

Loan shark advertising also reflects very clearly the season of the year. As the summer vacation time approaches the public is entreated not to deny itself the luxury of an outing for lack of funds, but to "travel at our expense." As the holiday season approaches, the loan shark joins with the over-burdened storekeeper in urging, "Do your Christmas shopping early and avoid the rush," suggesting his particular agency as the one to furnish "loans for Christmas if your funds are short"; and one company urges "don't spoil Christmas by being short of a little cash."

Practically every paper published in Chicago prior to the Tribune's loan shark campaign, begun in 1912, carried advertising of this character. The last advertisement of this sort which appeared in the Tribune itself, was on December 22nd, 1911, just before the crusade was begun. At that time, with the exception of the Chicago Examiner, which a few years ago carried practically no classified advertisements, all papers were carrying advertising of this description. The Chicago Evening Post had fewer than any except the Examiner, but apparently its attitude was an open one, as there was usually at least one advertisement running.

From this, fluctuating in number and amount of space according to the seasons, the number rises to as high as 56 in a single issue of one paper, salary and chattel included, occupying from a minimum of a fraction of a column to

from 3¼ to 5 columns during the holidays. Not only do the number of advertisements increase at certain seasons, but the number of lines per advertisement is greater. Thus 20 advertisements, counted at one time, occupying from one to two-thirds of a column, counted at another and more favorable season, increased to 3½ columns.

Because this sort of advertisement comes to the newspapers voluntarily and with practically no expense for solicitation, it is almost the cheapest and least expensive advertising which they run, and because of the higher rate which is charged, it is especially profitable. When advertising mounts up into the hundreds of lines per issue, as it may very easily do, the revenue of the paper is enormous. The loan shark committee of the Pittsburgh Chamber of Commerce reported a total of 10,954 lines of advertising in all the Pittsburgh dailies combined in a single week, and estimated an annual revenue to the local papers of over \$30,000.00 a year from that single source. The monthly income of one New York paper alone, as reported by Mr. Ham during a three year period, did not fall below \$1,800.00 in any month, and rose, immediately preceding the Christmas season one year, to \$6,000.00, the average being well over \$3,000.00 monthly.

It is therefore no small financial sacrifice which a newspaper makes when it definitely renounces so lucrative a source of income. This sacrifice, however, has been made, by most of the Chicago dailies. During the summer of 1916 only the Daily News, The Journal and the Examiner continued to carry loan shark advertising in Chicago. The Daily News has since discontinued them, but the other two, finding an open field here, continue to receive them. The Sunday edition of one of the Chicago newspapers on November 12th, 1916, contained over two columns of loan advertising, in which were included some of the best known loan shark firms in the city, and firms against which the records are most extensive and incontrovertible.

Mr. Edward Lyell Fox, in an article which appeared in the August 1913 issue of Pearson's Magazine, strongly urged the suppression of all loan shark advertising in newspapers, stating his conviction that the business would perforce disappear through lack of publicity if this were done. The inaccuracy of his conclusion is demonstrated by the flourishing condition of the business in Chicago. In spite of the lack of access to the majority of newspapers, they continue to thrive. That this is a great handicap is certainly true, and assuredly the public has a right to demand that injurious and misleading advertisements of whatever character shall be excluded from all publications; but the ingenuity of the loan shark finds many other ways of getting business, as is made clear by the fact that only a portion of the loan-sharks of the city even now take advantage of the opportunity which is presented by the papers still open to them.

Other published forms of advertising. The newspapers are not the only media of loan shark advertising. There are probably few citizens of Chicago who have not found their mail-boxes sometimes pretty well filled up with the circulars of the loan companies. Denied access to the mails, they still use the family mail-boxes, which are not a part of the United States mail system. Of late certain loan companies have taken to placing their placards in the advertising racks of the street cars. Personal cards and circulars are distributed on the street from time to time.

Personal solicitation. The up-to-date loan shark has his personal solicitors out over the city drumming up business. Some of these, instead of dropping their literature into the mail boxes, call at the door and deliver it in person. In some of the buildings where loan offices are located, the elevator men act as solicitors, distributing cards to the elevator passengers. These cards bear their name written in the corner, and presumably they receive remuneration for the "prospects" which they secure. Certain firms which specialize among street railway employees make it a point to drop into the barns where the men are assembling for the days work to present their business.

One of the most effective methods of obtaining new business is to secure, among certain groups of workmen, one of the number to act as representative for the loan shark. He will point out prospects for the loan shark to approach,

or he may himself offer to secure the loan for his troubled fellow-employee or to direct him to a source of supply. An interesting case is the one listed in the Directory of the man who is a conductor on the Chicago & Northwestern Railroad, whose wife runs a money-lending business, specializing among Northwestern employees. Doubtless her husband's business connections are worked to their fullest advantage.

The attorneys who have been fighting the loan shark in Chicago have found a very difficult proposition in the case of certain of them which have influence over some of the minor officials of large corporations. Mr. Trude gives one case where an employee of a large railway made loans to his fellow-employees, and when they were slow in paying placed his account for collection in the hands of a presumably innocent third party in another state through which the railroad ran. The man could not go there to defend the suit and judgment was accordingly made against him by default.

One of the ways of getting new business is to turn present patrons into solicitors for further trade. A person who owes money and is having difficulty in paying is allowed to reduce the amount by a certain sum, usually a dollar, for every new customer secured.

Exchange of Names. Frequently it occurs that a loan shark patron, having redeemed himself from the clutches of a particular money-lender, refuses to become inveigled further. After being convinced that there is nothing further to hope for in business from him, the firm may turn him over as a prospect to some other firm with which he has had no dealings. Through this exchange of courtesies, a man once in the loan shark's hands may, in spite of every good intention, be passed along from one to another, until he becomes finally hopelessly entangled.

Devices for Making Collections.

The essence of the power of the loan shark over his victim, in Chicago as everywhere, is in the victim's ignorance. Ignorance, first, due to carelessness in many instances of the obligations which he signs when he receives his loan; second, ignorance as to what his rights really are under the law; third, ignorance as to the means of redress which are available after he has discovered the plight in which he is. With reference to the first of these, the loan shark system has worked out an elaborate set of forms, guarantees and assignments, which the borrower is required to sign before he can get the money. Usually he does not read the papers signed, and if he should he would not dare protest, for he wants the money, and he is made to feel all the while that the lender is doing him a personal favor by letting him have it, and therefore he must not ask too many questions. He may or may not know it, but he has probably signed all the following papers: first, notes for the money borrowed (separate notes for the principal and interest, so that in case he should subsequently discover his rights and protest against the interest, the note for the principal will appear as a separate item); second, an assignment of his wages to the lender (in case of the salary loan shark) to be drawn on in case he fails to pay up; third, usually a further security in the form of a mortgage on his household effects; and fourth a power of attorney to be vested in the loan shark himself. No copies of these are given to the borrower, so he has no way thereafter of proving what he has or has not signed. Neither are receipts given for amount paid in, nor are the documents returned which he originally signed.

In appendix C will be found in replica a full set of "loan shark papers" as used by a money-lending concern in business in Chicago for years, with explanatory notes accompanying each. The originals of these were furnished the Department by an ex-manager of the concern.

But the loan shark knows that when taken into court even so formidable an array of documents will have no binding power to compel his client to pay interest in excess of the 7 per cent. permitted by law. He therefore makes use of his client's ignorance to the fullest and works upon it with a monumental bluff. He knows that he must rely more upon threats than upon his legal security.

On the campaign against loan sharks in Cleveland about two years ago, Mr. Poulson, the City Prosecutor, captured some of the confidential instructions issued to loan shark managers, among others a 36 page book entitled, Blank's "Book of Instructions." This man, who bears the title of "King of the Loan Sharks," in his own advertisement some time ago claimed to be doing a business in 66 cities of the country. Some quotations from these confidential papers, were presented at the Baltimore convention of the National Federation of Remedial Loan Associations in 1915 by Mr. John E. Taylor, Mgr. of the Equitable Collateral Loan Company of Youngstown, Ohio. The following extracts convey a graphic picture of loan shark methods:

"We have to get after collections harder and disregard the customer's threats of paying only the legal interest rates.

"Do not kill the account by sending a bum collector after it. It is the sharp, quick action that counts.

"Do not get timid on account of the kicks by customers. Do not show too much sympathy, when they come around with hard-luck tales.

"Use 'soft-soap' talk on the borrower only after you have tried stones and gravel. If a customer mentions the law, hunch your shoulders and say you do not know much about it.

"Bluff the borrower by rattling papers in your desk. Pretend to phone to an attorney, but hold the phone closed. Remember the whole proceeding is more or less of a bluff. Give your customer good hard roasts.

"Try to bluff a customer concerning loans with other companies. Look through a drawer or book, rattle the papers, etc., and then say, 'Oh, I see, you want to make a loan to pay off the other company.' Hesitate a moment and see if the bluff works.

"When a customer comes in for the money, try to bluff him; he will think you have found out something about it. Say to him 'Will your other loan interfere with your making these payments promptly?' He will probably say 'No,' and then you have him.

"The phone is the quickest way of getting after collections. The next best thing is to send a special notice. I believe it is safe to say that 50 per cent. of the collectors who are sent out to see customers spoil them. It does not take the customer long to see that they can bulldoze a collector.

"In the case of a dead-beat, you might bring up the point of a new law, and do whatever bluffing you want to; but to talk to customers in general about new laws I do not approve. There is no use putting the notion into their heads, as they would probably go and see somebody to find out what the new law is. The result would be more apt to harm us than to do us any good.

"Do not loan to wives unless you are sure they get an allowance from their husbands. Bluff the wife into thinking you must have the husband's signature, then drop the demand.

"You can say anything you like to a customer in a sealed letter so long as it is not criminal threats, immoral or indecent.

"We need managers with bull-dog determination. Get some attorney who will sell you his legal letter-heads and then write your customers upon them.

"When a customer served with a wage-assignment, comes poking in, give him a good hard roast. At first suggest you are going to tie up his salary. If you see you have to retreat, do so as slowly as possible. Do not give people all they ask."

Mr. Taylor, in his interesting paper, speaks as follows on his experience in loan shark methods:

"Sometimes legal looking notices are sent to the victims, such as 'garnishee demand,' and 'demand notice,' 'notice of judgment,' 'original notice before suit,' and some loan sharks have gone so far as to have letters printed purporting to come from a local collecting bureau. One of these notices which recently came into my hands was entitled 'Ultimo notitia'—a very legal looking scrap of paper prepared and delivered in such a way that the victim would think it came from the civil branch of the

Municipal Court. All these notices have a certain legal look about them in the eyes of the unsophisticated victim, and oftentimes bear fruit, at which the loan shark chuckles to himself and says, 'Well, once again the bluff worked beautifully.'

Some employers, in a well-meaning attempt to discourage their employes from getting under the control of loan sharks, have issued an order announcing that any employe, guilty of borrowing from professional money-lenders, shall be discharged. By such an order, the employer has unwittingly played right into the loan shark's hands giving him a weapon to hold over his victim's head. By advertising that "our loans are confidential," the loan shark learns who of his patrons wish them to be kept confidential. If his payments are not forthcoming, the loan shark threatens to notify the employer. With the vision of discharge hanging over him, the victim makes redoubled efforts to escape from the toils, often in so doing only becoming more deeply involved. A second loan may be solicited to pay off the first, and others to pay off the second—indeed there are companies whose specialties of advertising are loans for the purpose of paying off other loans—until he is wound up beyond a point where he will ever be able to extricate himself unaided.

During the administration of Mayor Carter H. Harrison, an order went forth to the effect that any city employe would be discharged who obtained money from any professional money-lender. By making judicious use of this order, a certain class of loan sharks who specialize in business with firemen and policemen and other city employes, obtained a far stronger grip on them than they had had before.

The person who does not make his payments on time or who seems to be slipping out of the lender's grasp is subjected to such communications as the following (which are transcripts of actual letters sent by loan shark operators in this city to certain of their delinquents):

"Feb. 17, 1914.

Dear Sir & Madam:

You failed to pay your note due Feb. 15th. We wrote you when we sent you this money 'THAT same MUST be IN THIS OFFICE on the EXACT DAY' and we meant what we said RIGHT TO THE LETTER.

You are hereby notified that if this is not paid WITHIN 48 HOURS, we shall take legal steps to get this money.

Yours truly,

BLANK LOAN CO."

"Dec. 28, 1914.

Dear Sir & Madam:

You failed to pay your note due Dec. 25th. If you think we are going to be bothered THIS WAY you have another 'think' coming.

Not when there are other ways of getting it, and a deal is almost paid out ANYHOW.

If you care to send this WITHIN 48 HOURS, we will accept the payment, rather than appear 'ugly' right at the Christmas time;—Otherwise your money is N. G. in this office.

We are fully aware that it is considered a 'Nasty trick' to start legal proceedings when a deal is almost paid out, but where parties 'Stall' just as long as they DARE month after month, we feel that we are justified in so doing, ESPECIALLY when we can make FAR MORE by so doing than we could if they paid us the cash payment.

Should we fail to hear from you WITHIN the time limit set, we shall feel FULLY JUSTIFIED in taking it for granted that you do not INTEND to pay and in demanding our FULL LEGAL RIGHTS in this matter.

Yours truly,

BLANK FINANCE ASSN."

"Aug. 2, 1915.

Dear Sir & Madam:

Yours at hand. As we wrote you Saturday, we are SICK of these eternal delays and we are going to thrash the matter out RIGHT NOW, one way or the OTHER.

What is it to US about 'your being out of work.' Why don't you hustle around and GET WORK? WE are not running an employment agency you know.

We feel that you should be able to BORROW a piking little \$7.45 from your friends IF YOU WANTED TO. Is your credit so poor with those who KNOW YOU that they won't lend you that trifling sum. OR don't you WANT to put yourself out to KEEP your AGREEMENT with us? IF your friends don't trust you, we certainly had better close this up RIGHT NOW. That is self evident. Same if you won't borrow this to pay your honest debts. We want this money BY RETURN MAIL and we are not going to waste any more good time and postage telling it to you either. GET THAT?

Its 'up to YOU to get it. Not to US. You were NOT out of work LAST MONTH and you IGNORED your payment THEN. We are beginning to think there is only one WAY to handle a deal LIKE THIS.

Yours truly,

BLANK FINANCE CO."

The following is a letter sent by one concern to a lawyer of the Legal Aid Society staff who had interfered in behalf of a harassed borrower. The attempt of the company to inject an ethical element into the settlement is no less interesting than the virtual acknowledgement that the claim which is made is an illegal one:

"April, 1916.

Dear Sir:

Yours of the 28th inst at hand. If you elect to answer one or two questions, we are always glad to discuss any question. Otherwise its useless. In the first place, your client AGREED to pay a certain sum, didn't he? We are not asking a PENNY more than he AGREED to pay are we? Where then has HE any just cause for complaint?

He sends on a power of attorney authorizing his agent HERE to borrow a certain sum of him and after receiving it, confirms the act of his attorney in fact. He is of age and supposedly of sound mind, capable of conducting his affairs without a guardian, isn't he? If not why don't you and your ilk have a guardian appointed for him by the courts?

Now do you believe that it is HONEST to beat a bill simply because you legally can? Do YOU actually think that SQUARE for a grown man to enter into a transaction with his EYES OPEN and then REFUSE to carry out his contract on the grounds that some attorney tells him that it cannot be enforced at law? Answer these questions IF YOU DARE Mr. ———.

That we didn't overcharge your client is shown conclusively by the fact that we were obliged to CLOSE our Rochester office and discharge our help down there because the place DIDN'T PAY and surely where a place is LOSING MONEY, its a pretty good argument to the effect that they were not robbing the public, even tho' mismanagement was at the bottom of it, as it was NOT in this particular case, for surely an investor has a right to SOME profit, so you cannot use THAT as an argument for refusing to pay in this instance.

We are AMERICANS Mr. ———. NOT GERMANS. We think that a contract should be KEPT even tho' MIGHT does happen to be on the other side. We are laymen. NOT LAWYERS and we think that where a MAN AGREES to do a certain thing, he should DO IT, regardless as to whether the claim can be enforced at LAW or not. And as we HOPE that we are fairly honest, WE would tell anyone asking US for advice 'Possibly you could beat your bill at LAW but would be a ——— to try it, as you went into it with your eyes open and we imagine this would be the advice of any HONEST man on earth.'

As to the refunding what your client has paid, would say that we will refund it WHEN the bar association begins to tell their clients to do RIGHT, instead of advising them to do LEGALLY. Figure out for yourself when THAT is going to happen.

We beg to call YOUR attention to the Federal laws regarding 'black-mail.' Your threats may be put in force any time you see fit Mr. _____.

We THINK that the assignment of this man's wages is good AT LAW and can at least test it out. His employers being BUSINESS people and not lawyers, will undoubtedly take the same view of it that we do, viz, that if a party AGREED open eyed to PAY, that he SHOULD PAY, regardless of the LAW in the matter, especially as the transaction took place in Ills., where it is valid even at law.

Yours truly,
BLANK LOAN CORPORATION."

The Loan Shark Clearing House.

The average outsider does not know of the complex organization of the money lending business. He thinks of each operator as more or less isolated in his operation, bound to his fellow usurers by a "consciousness of kind," it is true, but separated from them by barriers of competition. He is amazed when he learns of the close inter-relation which exists among the leading ones and of the high form of organization which the business manifests.

The larger operators do not confine themselves to a single city. A number of the Chicago firms are branch houses of a larger concern which operates in many states. One of these some time ago was doing business in over sixty cities. Recently there appeared as witness in a loan shark case before Judge Landis in the Federal Court a manager of a money lending firm who reluctantly testified that the owner of his company was the owner of nearly seventy others scattered about the country. Eastern capital is found financing certain of the firms listed in Appendix A, and in one or two instances the firms are chartered in another state. Not only this, but records show that in many instances the real backers of loan shark concerns are persons of influence and prestige in their communities, sometimes prominent in church, fraternal and social life.

Within the city the leading operators have banded themselves together into an organization known as the clearing house, to which reference has been made. This organization, founded in 1895, is a close corporation of the severest type, admitting new members only after most rigid investigation. Its work is carried on with the utmost secrecy. No designation of any kind appears on its office doors. Its members are known not by name, but by number, and the designating number is employed in all communications between member and clearing house and between members themselves. In telephone conversations no information is vouchsafed until the pass-word has been given. The expenses are met by a monthly membership fee by an affiliated concern.

The main purpose of the organization is to supply its members quickly with information as to applicants for loans, in this way saving time and expense which would be necessitated by separate investigations. In the files of the clearing house, ready indexed for quick access, are the records of all persons who have borrowed in the past from any member of the association. Everything is recorded which may serve to indicate whether or not the applicant is desirable: his place of business, standing in the community, how often he has borrowed previously, ready or slow pay, etc. When a new application is made to any member of the clearing house, the applicant is immediately looked up to see whether any record already exists concerning him, whether he is owing money to some other concern and how much, and kindred matters. Persons who have dropped out of sight of one firm without settling accounts in full may be located through the clearing house in case they should later make application to another member, ignorant of the existence of this information exchange.

Three times a day young women "runners" make the rounds of the clearing house membership to secure the names and addresses and other information

concerning new applicants for loans. This information is checked up with the records already filed in the central office and the result reported back to the office to which the applicant has just come.

With such a system great expedition is possible, and the answer may be given to the applicant within a few hours as to whether a loan may be granted. Of course the clearing house can afford no information concerning transactions with non-clearing house members, but it is remarkably efficient within its own field. It also serves as a ready instrument of communication among those who compose it.

IV. CONSTRUCTIVE OPPOSITION TO LOAN SHARKS.

In the palmy days of the past, before a public opinion had begun to crystallize against the business, the loan sharks in many of our American cities were able to conduct their trade more openly than now. Of late years the movement against them has been gathering force. In a rough way we may classify the growing opposition to them under the following heads:

1. Publicity campaigns.
2. Legislation.
3. Organized defense of loan shark victims.
4. Loan shark substitutes.

These can not be sharply marked off from one another; they are interwoven. Legislation, organized defense and loan shark substitutes have come about after public opinion has been aroused by publicity campaigns. Likewise, certain of the substitutes which now exist required special legislation before they could be formed.

Constructive opposition to extortionate money lending is generally recognized to head up in the Division of Remedial Loans of the Russell Sage Foundation, of which Mr. Arthur H. Ham is Director. Mr. Ham began his work as a "special agent for the study of remedial loan problems" in October, 1909, as a result of requests coming from leading persons in the National Federation of Remedial Loan Associations. Since his appointment he has been particularly active in assisting to organize new remedial loan agencies and in securing legislation in the various states.

Publicity Campaigns Against the Loan Shark.

In the language of Mr. Ham, in a letter received from him during this study:

"There are few cities of any size in this country that have not, at one time or another, undertaken so-called loan shark campaigns. Sometimes the campaign has consisted of a denunciatory outburst in a leading newspaper; in other cases such efforts have been followed up by the formation of committees of trade organizations or other bodies, activity on the part of prosecuting officials, introduction of new legislation, and the formation of a remedial loan society. As a matter of fact, most of the small loan laws now in effect in twenty or more states and most of the remedial loan societies now operating in thirty-five or more cities, were the direct result of loan shark campaigns of one sort or another. Perhaps the most notable campaigns, because of the success which accompanied them, were those of New York in 1910-1911, etc., San Francisco in 1911, Buffalo in 1912, Portland, Oregon, in 1913, Dayton in 1915, Omaha in 1915-1916. Each of these resulted in the passage of much needed legislation and the organization of a remedial loan society."

In Chicago, as in other cities, practically every newspaper has at one time or another, gone on record editorially as to its position with regard to the loan shark business. These editorials have sometimes been published in the same issue which carried the loan shark's notice in the advertising columns. The

extreme of inconsistency seems to have been reached in the case of one local paper which ran a large cartoon graphically picturing the ravages of the professional money lender, and on the *opposite side of the same sheet* ran its columns of loan shark business cards!

The most notable campaign of publicity in the city has been that of the Tribune which, early in 1912, organized its "Anti-Loan Shark Bureau," headed by Attorney Daniel P. Trude. Some 80 lawyers were secured who agreed to give their services free on behalf of the loan shark victims, and a definite series of loan shark exposures began to come from its press. For the first time the citizens of Chicago began to have something like an adequate idea of the character of the business, and under the severe attacks, the loan sharks were put upon a definite defensive. The materials piled up by this journal were in large degree responsible for getting the measure through the Illinois legislature which permitted the establishment of the First State Industrial Wage Loan Society. The lead which was set by the Tribune in refusing longer to run loan shark advertising in its columns was followed, as has been stated, by most of the other papers. In addition to these two important results, scores of victims were relieved from the difficulty in which they found themselves by the assistance of the attorneys which enlisted with the Tribune.

A newspaper campaign is effective, however, only so long as what it presents is news. When it grows old and the public grows weary of the reiterated story (appetizingly sensational at first) the campaign begins to wane; and so it happens that the crusade so actively waged for a period of nearly two years, declined before the end desired was accomplished. Probably this cannot be better expressed than in the words of the Tribune itself at the beginning of its campaign:

"There is no doubt whatever that the business of the loan shark can be abated if not destroyed—for a time. But when the 'tumult and the shouting dies,' as it always must in newspaper crusades after the impatient readers have got 'thoroughly sick and tired of the whole business' as they usually phrase it in their letters of protest, then the loan shark will creep back into the city. With the front page full of Roosevelt, or the opening of the base-ball season, they will feel safe in reopening at the old stand under a new name; that is, unless something has taken its place * * * for * * * most * * * people have to borrow at times. If they cannot borrow at reasonable terms, they will borrow at unreasonable terms. When the crisis comes, borrow they must somehow or other."

It is just this thing which the Tribune foresaw at the beginning of its attack on the loan shark which has come to pass: The campaign came to an end before full provision had been made against the loan shark and before the State Legislature had made the business sufficiently unpopular. As a result the sharks are among us now, a trifle more cautious than before, but flourishing like a green bay tree.

Legislation Against the Loan Shark.

In another part of this report an article by Messrs. Trude and Marso considers the legislative aspects of this question in Illinois. Two points necessary to effective state legislation need to be emphasized:

First, that a sufficient penalty be attached to the business of usurious money-lending and sharp practices in its connection to make it an extra-hazardous occupation. This cannot possibly be enforced, however, without suitable provision for licensing and inspecting the money-lending concern.

Second, there must be made complete provision for legitimate substitutes to take the loan shark's place. Again using the words of Mr. Ham, "Many unsuccessful attempts to legislate the usurious money lenders out of existence have shown one thing clearly—that a law that comes between the unscrupulous man who has money to lend and the man who wants to borrow cannot be enforced until an agency is established to suit his needs at lower cost." At

present the ground is only partially covered in Chicago; it must be fully covered.

Definite obstacles to prevent such legislation will arise in the future as they have done in the past. Two or three may be mentioned:

1. The organized opposition of the loan sharks themselves. So remunerative a business as this has been shown to be, and so highly organized can easily arrange to maintain a lobby against any constructive efforts put forth against them in the Legislature, and as is ordinarily the case the harmful powers are apt to have more funds at their disposal for a lobby than the champions of constructive legislation.

2. Various installment firms—not primarily money lending—will join their forces to that of the loan shark to help prevent any regulation of wage assignment or too close inspection of chattel mortgages. Such legislation would too intimately affect their own questionable ways of doing business.

3. The down state legislators, not being confronted with the problem as are those of a great city (although usurious money lending exists in practically every community to some extent), cannot understand fully the need for legislation of this character.

Other states, however, have put adequate legislation on the books, and Illinois will do so in time.

Organized Defense of Loan Shark Victims.

A lawyer can hardly find a more unremunerative case, in terms of dollars and cents, than that of the loan shark victim whose pockets have already been turned inside out by the professional usurer. To give services free is nothing less than philanthropy and most of them feel, and naturally so, that they cannot afford to do it.

In Chicago the Bureau of Justice (incorporated in 1888) and the Protective Agency for Women and Children (incorporated in 1887) were consolidated in 1905 as the Legal Aid Society, having as one of its objects "legal protection of those unable to protect themselves against injustice." From its beginning this Society, just as its constituent branches had done before consolidation, has been devoting itself at every opportunity, to the task of defense of loan shark victims.

During the 11 years of the Society's existence, from June, 1905 to June, 1916, there were received a total of 2,617 complaints against chattel brokers and 4,059 complaints against salary brokers, a total of 6,676 complaints altogether. No exact record is available to show the exact number of cases settled; some were dropped, some were compromised, some involved lengthy litigation. But there is a definite record of 1,266 cases having been settled for clients during the last three years of the period. The amount saved to the victims represented in this number of cases was \$16,884.88.

The First State Industrial Wage Loan Society, as Mr. Hill has indicated in his paper found elsewhere in this issue of the Bulletin, has had from the first as one of its objects, the defense of the borrower against the loan shark. From its opening in November, 1913, down to June 1st, 1916, the Society had made 2,004 loan company settlements which have saved their clients approximately \$19,000 in excessive loan shark charges.

The following list, which comprises only a few of the many specific cases on record, as settled by these two societies, indicates the practical service which they have rendered:

SPECIFIC CASES FOUND IN LEGAL AID SOCIETY RECORDS.

Key No. as Appearing in Appendix A.	Amount Demanded.	Amount Settled for.	Amount Saved for Victims.
14	\$ 10.75	\$ 2.00	\$ 8.75
27	23.00	12.73	10.27
30	27.00	5.40	21.60
36	29.00	11.56	17.44
41	93.80	27.80	66.00
37	140.00	100.68	39.32
64-66	51.00	00.00	51.00
71	28.00	14.60	13.40
74	23.10	4.70	18.40
89	30.00	3.25	26.75
115	27.00	9.10	17.90
116-38	9.00	3.00	6.00
136	63.60	34.00	29.60
122	12.00	1.00	11.00
141	24.00	2.75	21.25
140	12.50	1.75	10.75
148	35.00	11.75	23.25
142	19.00	1.00	18.00
159-160	14.00	1.00	13.00
175	16.00	2.00	14.00
173	45.00	6.00	39.00
179	14.70	1.28	13.42
172	18.75	8.45	10.30
*181-80-129-205	11.00	1.00	10.00

SPECIFIC CASES FOUND IN THE RECORDS OF THE FIRST STATE INDUSTRIAL WAGE LOAN SOCIETY.

Key No. as Appearing in Appendix A.	Amount Demanded.	Amount Settled for.	Amount Saved for Victims.
*19-102-185-68-74-14	\$391.40	\$295.70	\$ 95.70
*26-58-113-64-66-46-47	209.50	174.50	35.00
24-1	65.00	44.25	20.75
68	48.00	30.00	18.00
*73-178-99	125.50	91.50	34.00
86	70.00	55.00	15.00
90.	70.80	59.10	11.70
99	75.00	58.25	16.75
*103-171-52	238.00	118.75	119.25
105	45.00	30.00	15.00
115-R	138.00	113.00	25.00
120	60.00	42.00	18.00
148	60.00	45.00	15.00
172	200.40	143.20	57.20
191	144.00	112.80	31.20

*Shows the borrower was complicated with a number of firms.

To the large number of settlements made by these two societies must be added those handled at various times by members of the Tribune's Anti Loan Shark Bureau. Fifteen months after it had been established Mr. Trude stated "altogether approximately 5,000 accounts have been taken under consideration

by the Bureau and the majority settled, for the Bureau has found that the loan sharks have contested in court less than 3 per cent of the cases."

To these three agencies must be added the genuine services which have been rendered by various other individuals in legal and advisory capacities. Of late the cudgels against the loan shark have been most actively wielded by the firm of Callahan and Callahan, Attorneys, who have undertaken the establishment of a "war chest"—a fund to carry on active opposition to the cult in Chicago. Since April they have taken up nearly eleven hundred cases against the loan shark and are now engaged in a canvass of the members of the Illinois legislature with reference to loan shark legislation. A more extensive statement of this firm's activities appears in another place.

While the amounts saved to the victims seem rather small, it must be remembered that the loans are made to the poorer class of people and often to those in extreme circumstances, and that a very few dollars saved may mean a great deal. Frequently the initial loan is much larger than the figures in the tables just presented would lead one to think and represent at times money raised on household goods as well as advances on salary. For instance, in one loan the amount borrowed was \$125.00 to secure which the borrower signed a note for \$176.00. The Legal Aid effected a settlement without further payment, saving the client \$51.00. Another case was a loan of \$25.00 where, after the borrower had paid back \$25.00, an additional \$24.00 was still demanded, making a total of \$49.00. Settlement was made for \$2.75, a saving of \$21.25. Such cases could be extended indefinitely.

Important as is the actual cash saving to the persons concerned, these settlements mean far more than the money involved. In many instances they represent the rescuing of people who have been for years in financial servitude, people who have long since all but reconciled themselves to hopeless slavery.

Loan Shark Substitutes.

Mr. Raymond B. Fosdick, Commissioner of Accounts in New York City, in discussing remedial loans before the Academy of Political Science November 11th, 1911, epitomized a truth which all students of the loan shark situation sooner or later discover:

"Before any campaign to oust the loan shark can be effected, there must be some agency equipped and prepared to take its place. Indeed no campaign of extermination will ever succeed, no amount of condemnation will ever be effective, no negative laws, however drastic, can permanently relieve the present abuses; as long as we have citizens who want to borrow money—and we shall always have them—so long will loan agencies of some kind continue, and it is only the better kind that will succeed in driving out the worse."

This desire to borrow money may be legitimately born of necessity growing out of extremities beyond the power of the individual to avoid. It may be born of lack of thrift or extravagance, but there will always be persons needing funds to tide over emergencies and willing to go to almost any length to secure them. If legislation does no more than drive the loan shark under a more careful cover, it will only accentuate the evil by forcing him to still more exorbitant charges for the greater risk involved; and there will always be men willing to take the risk if it can be made profitable. When legislation against the loan shark goes on the statute books it is necessary that there be set up substitutes for them, agencies of one sort or another that can minister to the very real need which has for centuries been the fundamental reason for the existence of the loan shark.

Already a number of substitutes have appeared. We may briefly sketch them as follows:

Charitable Loan Agencies. The earliest of these were probably found in the *monts de Pitié* (literally *mounts of pity*) which originated in Italy about the middle of the fifteenth century. They began largely as religious enterprises, although they were later put on a somewhat secular basis by the supervision given them by the State. They were designed to provide borrowing resources for the very poor who, having nowhere else to turn, were preyed upon the loan sharks of their day. Originally they were wholly philanthropic in character and charged the borrower no interest. Wealthy philanthropists were depended upon to supply the loan fund, expecting no return therefrom. On such a basis they were not successful because no guarantee existed as to adequate resources for carrying on the organization. In order to secure a dependable fund the management was finally compelled to offer a remuneration—interest—to those whom they called upon to provide the working capital. After that change was made the organization had better fortune and at one time or another its branches have been found in most of the countries of Europe. They are now supplanted by more up-to-date organizations.

A number of religious organizations have today established, as a part of their system of benefactions, loan funds which are at the disposal of their own communicants. Notable among these is that of St. Bartholomew's Parish of New York City whose loans during 1915 aggregated close to \$100,000.00. Among Jewish congregations it is common to find loan funds established. During this investigation the Department has obtained the addresses of no less than 25 of these in Chicago. The statement is made by Mr. J. M. Wolfsohn, Editor of the "Jewish Voice" that scarcely a congregation of orthodox Jews can be found in the city which does not have such a provision. Rabbi Saul Silber states that the leading one is the "Rabbi Isaac Elchonah Loan Society." It has some 15 smaller societies scattered about the city, and their total loans—all made without interest—amount to over \$150,000 a year.

Loan funds are established as features of certain charitable societies. The Woman's Loan Association, affiliated with the Chicago United Jewish Charities, makes free loans totaling more than \$50,000 a year to poor Jews. The Jewish Aid Society, and the United Charities of Chicago also make loans under exceptional circumstances but do not operate a regular loan department.

Employers' Loan Funds. With the idea of "welfare" work for their employes gaining ground every day, many large employers of labor have added to their benefit features a loan fund upon which their employes can draw in emergency. Certain of these charge no interest at all, others require the legal rate. Several of the largest concerns of Chicago are among these, but prefer to operate the fund without publicity, fearing that if its existence were too generally known their employes might seek to make too free use of it. The methods of one of these concerns is contained in a letter from their welfare secretary, who requests the Department to withhold the Company's name in publishing the facts:

"1. Our superintendents frequently advance part of a man's wages in order to help him through an emergency, the amount being deducted from his check on pay day. While this seems a fair and sound method of handling the problem, you will probably be surprised to find how carefully it has to be watched. There is a type of individuals (of whom there are many) who find this way of meeting their difficulties so much easier than the wiser one of using thrift that there is a possibility of simply breaking down the self-restraint which is so important.

"2. At this office, one of our officers, who was formerly a banker himself, makes loans in exactly the same way that a banker would make them. If the employe has security to give the loan is made at the usual rate of interest, the security being held until payment is completed.

"3. I have charge of a loan fund which is used for extreme emergency in the case of employes who are usually not able to give any security and may be unable to pay interest. The employe gives a note promising to pay in monthly installments of a small amount beginning on a certain date.

These cases are investigated very carefully in order that we may know just how much the man can stand and how soon he can begin payments.

"The employe usually makes good on these loans, as we have lost almost nothing in the three years in which I have handled the fund. If a loan is given to a man who has been in the hands of loan sharks, we handle it in the following manner: One of our attorneys visits the loan company and makes an offer of cash payment with a reasonable rate of interest, such as the law would require. The loan companies are usually very glad to settle for cash."

Employees Co-operative Loan Associations. A number of important concerns, recognizing the paternalistic character of the foregoing, instead of setting up a fund of their own for the purpose, encourage the organization of co-operative associations among their employes, who from their own savings, provide a fund to be used by themselves. The element of thrift which is encouraged by this plan is fully as important a result of the arrangement as that of furnishing temporary financial assistance to borrowers. "The Celluloid Club Savings & Loan Department" of the Celluloid Company of New Jersey, is made up entirely of employes of the Company and is managed by them. "The Mutual Investment Association of the Postal Telegraph Company" is one of the same character. Such co-operative companies are vastly more popular with the employes than are those operated by the Company itself. Mr. S. T. Simmonds, manager of the Celluloid Club, explained why, in his paper before Academy of Political Science in November 1911: "Employes would object to their employers knowing just how much they were saving, and the best class of employes would suffer rather than ask for assistance through the office. There is a vast difference between telling ones troubles to a fellow-employe and telling that same story to an official."

In such a co-operative association, whatever income is derived from fines, charges for loans or any other source, after expenses are paid, goes back into the general fund and belongs to the depositors themselves. No outside agency is profiting by their necessity, and they are self-respecting in their personal independence secured in this way.

Employes' loan associations are in existence among a few Chicago firms. More should be organized.

The Credit Union. In 1909 Massachusetts enacted a law which has since been widely copied in other states, permitting individuals "associated by reason of residence, occupation, fraternal association or otherwise" to organize and operate a credit union whose objects, as explained by Mr. Ham before the New York State League of Savings & Loan Associations, in 1915, are: (1) To encourage thrift by providing a safe, convenient and attractive medium for the investment of savings of the members; (2) To promote industry and eliminate usury and extortion by enabling its members to borrow for productive and other beneficial reasons at a reasonable cost; and (3) To train its members in business methods and self-government and to educate them to the full realization of the value of co-operation.

The idea, while new to this country, is one of long standing, having been successfully known abroad for sixty-five years. "Membership is based upon some common bond or community of interest" such as common occupation or employment, church or lodge membership or neighborhood association. The loan fund is one erected by savings of the members themselves, being kept up by purchase of shares in the union. It can be drawn upon only by members and by them only after a credit committee decides that the loan is desired for a constructive and beneficial purpose. The character of the member is the chief determinant in question of whether or not he shall be admitted to membership and whether after being admitted the loan shall be granted to him.

Except in the details of the organization and the fact that it is subject to state supervision, the employes co-operative loan associations already discussed, might very well be classified as credit unions. It would take very little trouble to turn them into bona fide unions.

It has been estimated that there are over sixty-five thousand credit unions in different parts of the world with a membership closely approaching 15,000,000, whose annual business runs up to seven billions of dollars. To these figures which he has compiled, Mr. Ham adds the following statement concerning its growth:

"Russia which, in 1904, had 378 unions, now has 14,000. On January 1st, 1914, there were 18,000 unions in Germany making loans to members in one year of over a billion and a half dollars. In 1909 Japan alone had 2,000 unions, and the little country of Roumania, where the movement started, in 1902 had 2,500 unions with a membership of 350,000, or 35 per cent of the entire population of the country."

In 1909 there was not a single credit union in the United States. After Massachusetts led the way, New York and a number of other states followed, a step which Illinois should be urged to take. In its adherence to self-help as the best help, the union will fill a place which will enable the workman to save *himself* from the crushing burden imposed by his loan shark relationship.

The Morris Plan. In 1910 there were organized in Norfolk, Virginia, the first of a series of institutions known as the "Morris Plan Banks," which now extend to two dozen or more cities of the United States. Originated by Mr. Arthur J. Morris of Norfolk, the plans are advertised as "owned and developed by the Industrial Finance Corporation," 52 William Street, New York, from whom permission must be obtained before a bank may be established in new territory. Usually a fee is charged by the corporation for the exclusive right to the use of the plan in a given city.

While frankly operating as a commercial enterprise, one of the largest claims which the company puts forward for recognition is its character as a substitute for the loan shark. The plan of operation as explained by the company is, in brief, the following:

A borrower desires a loan of \$100.00. He first gives his note backed by two endorsers for the \$100.00 and pays the legal rate of interest—say \$6.00—in advance. In addition a fee of \$2.00 is charged to cover the cost of investigating the applicant and his endorsers. He then agrees to purchase, at \$2.00 a week for fifty weeks, a "class C" Installment Investment Certificate. This certificate is assigned as collateral for the loan. At the end of fifty weeks the borrower has paid \$100 on this certificate. Two weeks later his note falls due. He can then withdraw the \$100 paid on the certificate and pay the note, thus closing the transaction.

From the foregoing description of how loans are made it will be seen that each week the Morris Plan companies receive from borrowers in payment on "class C" Investment Certificates, purchased and pledged as collateral, an amount equal to 2 per cent of the outstanding loans. Therefore in addition to loaning the amount of its capital at 6 per cent the Company reloans 2 per cent of each loan each week. In other words, a company having already charged one borrower 6 per cent on each dollar that he has borrowed, immediately loans that same money, as soon as an installment is paid, to someone else at another 6 per cent. It also reloans the aggregate amount of interest, the original \$6.00, which was deducted in advance. This process enables the Company to earn a gross profit on each dollar of capital of 13 per cent and up, according to the activity with which its funds are turned over.

The Morris Plan seems to have met with disapproval from the Division of Remedial Loans of the Russell Sage Foundation and from the Cleveland Chamber of Commerce. It has, however, received cordial comment from a number of the New York papers—the *Times*, *Mail*, *Post*, and *World*. The *Financial Chronicle*, *American Banker*, *Wall Street Journal*, the *Outlook*, *The Survey*, *The Independent*, and a number of others have also mentioned it favorably. The Morris Plan does not at present provide for loans of less than \$50.00, thereby leaving untouched one of the most important fields for service. Persons are legion who

desire to borrow smaller amounts than \$50.00 to tide over an acute, although small, emergency.

Efforts have been made to promote the Morris Plan for Chicago, but it is not possible to organize it under the existing State law.

The National Federation of Remedial Loan Associations. The most effective agency which has yet come into existence to meet the loan shark evil by competition is found in a group of organizations which are affiliated with the National Federation of Remedial Loan Associations. The association was formed at Buffalo in 1909, largely through the earnest endeavors of Mr. W. N. Finley of Baltimore. It was composed originally of fourteen companies which were at that time working single-handed in 13 cities of 10 states, to combat the activities of the professional usurer by providing loans at a much lower rate than that of the loan shark. The members declared themselves, "desirous of promoting the work in which we are engaged to the end that similar associations may be organized throughout the country wherever needed," and effected a permanent organization having as its object "the formation of local organizations to guide and direct persons interested in the work and to contemplate organizing remedial societies by giving such information and advice concerning legislation, finance, problems of legislation, and general information necessary for organization and management." They declared as eligible for membership "all representatives of remedial loan societies and such others as are known to be in complete sympathy with the movement to compel recognition of the laws, regulate chattel, salaries and pawning loans and protect borrowers from extortion."

The Federation has grown until now it includes 39 societies operating offices in 34 cities of 20 states and the province of Ontario. A roster of its membership and its constitution are found in Appendix D of this report.

These 39 societies are divided into three classes, namely those that make loans upon security of chattel mortgages; those that make loans upon security of personal property pledged or pawned with them; and one which loans upon security of wage assignments. It is in this latter field that some of the greatest abuses of the loan shark have been perpetrated, owing to the fact that a loan made upon a wage assignment gives the lender a power over the borrower growing out of contact with his employer.

Most of these societies have been brought into existence under special laws which permit a higher rate of interest to be charged than is permitted to lenders not so organized. (See Appendix B for a digest of laws under which the various states have organized remedial loan societies). This rate is from 1 to 3 per cent in the case of pawners and chattel companies and is 3 per cent a month in the case of the one wage loan society. This rate seems exorbitant and differing from that of the loan shark only in degree to one confronted with the proposition for the first time. The necessity of charging a rate so much higher than the usual contract rate is not obvious at once, but when one begins to examine closely into the matter as experts have done, he discovers that the smallness of the loan and the brief time for which it is made constitute a much heavier overhead expense for handling than is the case with the ordinary loan. Moreover the lenders are dealing in shakier securities than is the case with banks, and losses are correspondingly higher. Two of these 39 societies are operating in Chicago. The First State Pawnors Society, loaning only upon pawnable security; and the First State Industrial Wage Loan Society, loaning only upon wage assignments. Both of these are limited by law to a 6 per cent return upon funds invested, and both are subject to close supervision. Each has an appointee of the Governor of the State and of the Mayor of the City upon its Board of Directors. Fuller statements concerning them both will be found in another part of the Bulletin.

In looking over the various types of substitutes one may roughly group them in four classes:

The purely philanthropic which, whether under a religious organization or as a non-sectarian charity or fraternal order, operates a loan fund, charging no rate of interest to the borrower. In this respect it is a charity pure and simple and should be considered just as much so as a gift of food or clothing or rent.

The semi-philanthropic organization is established primarily for the sake of the borrower, but it is capitalized and is run upon business principles, not only paying expenses, but giving a small profit to its backers. The members of the National Federation of Remedial Loan Societies are almost entirely of this character. These are business organizations with a social purpose, and should be stated as such. They are not charitable in the sense of giving something for nothing, and they are not commercial in the sense of being primarily a money-making enterprise. Their dividends are usually limited by law.

The purely business type is organized primarily as a matter of investment. While it may serve a definite social purpose, it is not organized for that purpose and performs it only incidentally. These organizations keep within the law and so are not to be confused with the loan shark whose characteristic is that of usurious money-lending.

The self-help type probably the most constructive of all is the fourth which is exemplified in the credit unions and employes co-operative associations already described. They put a premium upon thrift and saving and the element of mutual benefit, appraise character at its highest, and recognize it as a definite form of security. An additional advantage resides in the fact that they are independently organized and so their success or failure depends upon themselves.

V. CONCLUSIONS AND RECOMMENDATIONS.

The community must come to realize that in dealing with the usurer it is dealing with a power of first magnitude, one that is backed by large capital, in some cases by political and personal influence, and that it is based upon a definitely correlated organization. Against such entrenched forces something more is needed than an occasional outburst of righteous indignation. It is a *system* which must be undermined, and this cannot be accomplished by the elimination of an occasional operator or two. Loan shark organization must be opposed by a more powerful organization; adequate legislation adequately enforced must be put on the statute books; adequate provision must be made to serve the need which the loan shark has made his peculiar property in a cheaper and better way; the loan shark must be met with his own weapons and in his own field; competition must be afforded which he shall be compelled to meet.

Unhappy as the situation is at the present time with reference to the business of extortionate money-lending, as has been set forth in the preceding pages, the situation is by no means hopeless. It is incumbent, however, upon the public spirited citizens of Chicago to get behind an organized movement against the business. In such a movement the Department of Public Welfare is ready to assist. The materials which have been assembled during the progress of this investigation are freely at the service of the public if they can be used to advantage against the business.

The importance of substitutes for the loan shark has been discussed. Religious and philanthropic societies, employers' loan funds, and co-operative loan associations, fill a place with a certain limited part of the population. But for the vast majority the only relief lies in the establishment of remedial loan societies open to the general public. These should be closely supervised and should have dividends returnable to investors limited to such a percentage that there will be no inducement to enter the business because of large profits. Interest charges should be made as low as is consistent with business security.

frankly recognizing the fact that such a business must charge a higher rate than banking interests, because of the greater risk, and the heavier overhead expense. Borrowers should be safe-guarded by law in every possible way, that extortion may not be practiced.

There should be remedial loan provision for every form of legitimate security. We may distinguish four forms: First wage assignments; second, portable chattels of a pawnable character; third non-portable chattels, such as household goods, etc.; and fourth, personal character.

At the present time there are in Chicago remedial loan societies covering the first two of these: The First State Industrial Wage Loan Society takes wage assignments as security; the First State Pawnors Society receives portable chattels and pawnable security. The other two fields are still uncovered, and it does not seem that the state law as it exists at present would permit their erection. This is a matter which should be remedied by a change in legislation.

The Department of Public Welfare therefore recommends:

1. That steps be taken to provide remedial loan societies which will accept non-portable chattels as security for small loans; and

2. That steps be taken to provide remedial loan societies which will make it possible for personal character to be recognized as a form of security. This does not mean that any person shall be able to borrow "upon his face," nor that any stranger making application for a loan to the remedial society shall be granted it right away just because he looks honest. It does mean that machinery should be provided whereby a person of good character, who can establish that fact by his ability to secure two reliable endorsers, shall be allowed to borrow, within certain definite limits, without other security than these endorsements. It is in this field that there resides at the present time probably the greatest need not yet covered. The man who is out of work or who is in temporary stringency on account of his income being temporarily cut off has no recourse which he is willing to employ. Some provision should be made whereby he can be tided over and still keep his self-respect.

In the establishment of such societies and in the regulation of the small loan business in general, there are a number of important phases which should be covered. It is the opinion of the Department of Public Welfare, after conference with some of the leading authorities in the field, that any law to be satisfactory must include the following items:

1. No person or corporation, unless they are *licensed and supervised*, shall be allowed to make small (loans of \$200 or \$300, or less) whatever the form of security.

2. The license should be issued by a department of the State of Illinois; this might be in a department especially created for the purpose, but should preferably be a branch of the state bank department or the state auditor's office. The license should be granted to be renewed annually.

3. The person or corporation so licensed should be required to file a bond of not less than one thousand dollars, this to constitute a fund from which any damages could be drawn in case they should be awarded by the court to a contestant against the money lender.

4. The supervising authority should be empowered and required to examine the books and business methods of licensees, at least once a year, and they should be required to provide him with a detailed annual report. The supervising authority should be empowered and authorized to refuse to issue a license when, in his judgment, there is danger that the law will not be observed; he should under no circumstances issue one without previous investigation to determine the applicant's fitness to hold a license. The power to revoke licenses upon sufficient grounds, should also reside in the supervising authority. He should have power to make necessary rules and regulations.

5. The rate of interest should be not to exceed 3 per cent. a month, and no additional fees of any sort should be allowed. Many times the money lender exacts usury under other forms than those which are technically classifiable

as interest. "Renewal fees," "cost of extension," "appraisal charges," "expenses of investigation," etc., are often nothing else than usury in disguise, and they should be carefully guarded against to the end that the spirit as well as the letter of the law may be observed. Interest, moreover, should be charged only on unpaid balances, and it should be paid only after it has been earned—never in advance.

6. A definite limit of earnings permitted to the money lender should be made. The First State Industrial Wage Loan Society and the First State Pawnors Society are limited to dividends of 6 per cent.

7. The borrower should be given copies or memoranda of all papers signed by him in connection with the loan, a copy of the law regulating charges, and a clear statement of the terms of the loan. He should be given receipts for all payments made, and when his loan is liquidated the papers originally signed should be returned.

8. Loans made at illegal rates should be made void and unenforcible.

9. Penalties of fine and imprisonment should be provided for persons operating without license, and for licensed operators who violate the law.

The Department of Public Welfare hopes that it may be of assistance in getting legislation of the foregoing character written into the statutes of Illinois.

With the field covered as fully as it would be should such recommendations as the above be put into effect, it is realized that there would still remain the hopelessly improvident, the person who is willing to gratify tastes which are beyond his means, the person who cannot save money, and who is willing for the pleasure of the moment to pledge away his future earnings. It is not desirable that any provision should be made to encourage persons in these tendencies. No loan should be made which is not constructive; that is, unless it contributes in some way to the actual well-being of the person who borrows. This should be carefully determined by every society in every case, and will be determined by all who operate conscientiously.

SOME LEGISLATION IN ILLINOIS WITH REFERENCE TO USURIOUS MONEY LENDING.

By

DANIEL P. TRUDE and M. MARSO.

The language of the State of Illinois with reference to the rate of interest which may be charged is the following (Hurd's Revised Statutes, 1915-1916, p. 1580, chap. 74, sections 4, 5 and 6):

"SEVEN PER CENT MAY BE CONTRACTED FOR.] In all written contracts it shall be lawful for the parties to stipulate or agree that seven (7) per cent per annum, or any less sum of interest, shall be taken and paid upon every one hundred (\$100) dollars of money loaned or in any manner due, or owing from any person or corporation to any other person or corporation in this State, and after that rate for a greater or less sum, or for a longer or shorter term, except as herein provided.

"NO GREATER RATE SHALL BE CONTRACTED FOR.] No person or corporation shall directly or indirectly, accept or receive, in money, goods, discounts, or thing in action, or in any other way, any greater sum or greater value, for the loan, forbearance or discount of any money, goods or thing in action, than as above prescribed.

"PENALTY FOR CONTRACTING FOR MORE THAN SEVEN PER CENT.] If any person or corporation in this State shall contract to receive a greater rate of interest or discount than seven (7) per cent upon any contract, verbal or written, such person or corporation shall forfeit the whole of said interest so contracted to be received, and shall be entitled only to recover the principal sum due to such person or corporation. And all contracts executed after this act shall take effect, which shall provide for interest or compensation at a greater rate than herein specified, on account of non-payment at maturity, shall be deemed usurious, and only the principal sum thereon shall be recoverable."

This is the law as it stands on the statute books of Illinois at the present time, in violation of which the loan shark is extensively operating. It is a prohibition practically without penalty, inasmuch as the money lender is guaranteed his principal in any event. And it has been held by the courts that even usurious interest cannot be recovered once it has been voluntarily paid by the borrower.

It is this law which makes the loan shark's business absolutely safe as well as a most remunerative occupation. The usurious money lender may safely count on the fact that at least 99 out of every 100 borrowers do not know that this is the law. And he may safely expect that few of those who do know the law will be in a financial position to invoke it. If the law is invoked nothing comes of it which can in anyway interfere with his further operation.

With reference to wage assignments as security in particular:

Prior to the amendment of Section 18 of the Practice Act, which amendment was passed in 1915, the person who borrowed money from a loan shark was assigned his wages to secure the payment of the debt was practically at his mercy.

A person who borrows money has a right to assign his wages earned or to be earned from his present employer to secure the payment of the money he so borrowed, and the loan shark has a legal right to accept such an assignment, and it is valid and binding on the parties interested (*Massie v. Cessna*, 239 Ill. 352), and prior to the passage of the amendment to Section 18 of the Practice Act in an action brought by the loan shark against the employee on the assignment of wages so given to secure payment of the debt, the loan shark was entitled to recover from the employer, the amount due to the employee (the borrower) from the date notice of such assignment was given to the employer to the time of the commencement of the suit. This was irrespective of the amount that might be due to the loan shark from the employee, or whether

that amount exceeded or was less than the amount due from the employer to the employe (the borrower). The courts were bound to enforce the assignment of wages strictly.

If the amount of wages due the borrower, and recovered by the loan shark from the employer, exceeded the amount due the loan shark from the borrower, the borrower was relegated to an action against the loan shark to recover the difference. (*Independent Credit Company v. South Chicago City Railway Co.*, 121 Ill. App. 595.)

The act of 1915 above referred to provides *inter alia*:

"that in all cases in which the chose in action sued upon shall have been assigned for the purpose of securing the payment of an indebtedness from the assignor to the assignee thereof, and in which the chose in action so assigned consists of wages due or to become due to the assignor thereof from the defendant in such action, at least five days written notice of the pendency of such suit shall be served upon the assignor of such chose in action, before the trial of the same; and upon application of the assignor of such chose in action the court shall allow said assignor to interplead and be made a party to such action; and said assignor, or the defendant to said suit in behalf of said assignor, shall be allowed to set up or affirmatively maintain any just set off, discount or defense which said assignor may have to said assignment of said chose in action, or to the indebtedness the payment of which is secured by the assignment of said chose in action; and the court by jury or otherwise, shall ascertain the amount of such indebtedness remaining due and unpaid from the assignor to the assignee of such chose in action and the judgment, if any, against the defendant in said suit shall not exceed the amount so found to be due and unpaid from the assignor to the assignee of said chose in action, and judgment for the balance, if any, remaining due from the defendant, upon said assigned chose in action, shall be rendered in favor of the assignor and against the defendant in said suit or proceeding; and the court may make such order as to the costs of said suit as may be equitable."

It will readily be seen that under this act, Courts of Law are virtually vested with equitable jurisdiction in action brought in such courts on assignments of wages given to secure the payment of a debt, and can in such actions inquire fully into the dealings and transactions had between the parties and equitably adjust the same and do complete justice between the loan shark and his victim.

THE FIRST STATE INDUSTRIAL WAGE LOAN SOCIETY.

By

ARTHUR E. HILL, General Manager.

The "loan shark" question, or rather the problem of handling employees who are forced to borrow money for personal needs but who have no bankable security, has been a great source of worry to employers of large concerns for many years. Many ideas and plans have been brought forward and tried out, some proving successful for that particular concern trying them out, while other ideas and plans that sounded plausible in theory have not worked out when put into practice. The good work has not been as extensive as it should have been.

Some years ago many of our most prominent establishments passed a rule among their employes, i. e. to borrow money from a so-called "loan shark" would mean immediate discharge from their service. They hoped that in passing this drastic rule they would be able to eliminate the evil from their ranks. The effect, unfortunately, was just the opposite from what they intended it should be. They forgot that many of the loans made from the "loan sharks" were for absolute necessities and that the only place open for them to go for money was to the "loan shark" and take a chance of their employer not knowing of the transaction. This rule assisted the "loan shark" in collecting usurious interest, for should the borrower become delinquent the loan agent would endeavor to collect his money by threatening to inform the employer of the fact that his employe had become a borrower from him and the employe knew that this would mean his position. Instead of lessening the evil, the employers unconsciously assisted the "loan shark" in his illegal trade. Unfortunately, there are still some employers who think that they can eliminate the "loan sharks" by threatening their employes with discharge, but most of the larger concerns are convinced by experience that the rule has had the opposite effect from that intended. Many concerns have established a loan bank where any employe of the concern who needs money and has a good reason for borrowing can secure a loan at rates of interest varying from nothing up to 5 per cent. a month. This method of fighting the illegal money lender has proven very successful and has created a very friendly feeling between employer and employe, the latter feeling that his concern has a particular interest in his welfare and is desirous of assisting him to progress. It would be a blessing if more concerns would adopt this method of establishing banks, the funds of which are to be loaned to their employes.

The trouble with a small loan bank established by a private concern is that the benefit is confined only to the employes of that particular concern. An employe who happens to be working for a concern that has not yet started a bank must go to the "loan shark" for relief.

The Industrial Club of Chicago, composed of prominent men of this city, undertook to give the loan question the careful study and thought that was necessary, to see if there was not some way of improving conditions for wage earners in general. As a result of their study, a law was passed allowing the formation of the First State Industrial Wage Loan Society, a \$50,000.00 corporation, the stock of which was fully subscribed by its members. Within a year it was found necessary to double the capitalization. The purpose of this Society is to loan to wage earners regardless of where they are employed. The illegal loan companies have found in this Society a real competitor that meets them on their own grounds with their own weapons. If a person owes one or more "loan sharks" he may go to this Society and they will figure up a reasonable amount of interest due the money lender and make him a legal tender and demand the signatures of the borrower on all papers that he may have signed at the time he made the loan. For this service the Society charges nothing. In the case that the "loan shark" victim does not have enough money to square up with the illegal money lender, the Society will loan him enough money to put him on his feet. Should the "loan shark" refuse the Society's legal tender, the Society requests the employer to ignore the "loan shark's" assignment of wages, in the case that he has filed a notice of the same with the employer, for

which they guarantee the employer against loss, should he be sued for failure to recognize the illegal assignment of wages. The Society furnishes without cost to the employer a competent attorney to defend suits of this nature.

The First State Industrial Wage Loan Society opened its doors for business on November 7th, 1913, at 25 North Dearborn street. The co-operation that the Society has received at the hands of employers of the City of Chicago has been wonderful. All lines of business have joined with them to make the Society a success. The hopes of the originators of this movement have been more than realized. The loss on bad accounts has been surprisingly low. The success of this Society has been most gratifying to all concerned. This Society is the only remedial salary loan society in the United States. There are several pawn and chattel mortgage remedial loan societies, but only one strictly salary loan society. This Society is a member of the National Federation of Remedial Loan Associations, of which thirty-five other remedial loan companies extending from coast to coast, are members. The movement of this Federation was started by the Russell Sage Foundation several years ago.

The First State Industrial Wage Loan Society, in its three years of operation, has made the following record:

Total number of loans made.....	7,046
Total amount of money loaned out.....	\$401,290.00
The outstanding loans on October 28th, 1916.....	95,503.29
Saved "loan shark" victims about.....	15,000.00
Over 2,500 settlements have been made with the "loan sharks."	

The law under which the First State Industrial Wage Loan Society operates permits that only a dividend of 6 per cent. a year be paid the stockholders.

The first year the Society's expenses were \$3,120.08 more than its revenues. In 1915 they not only recovered their loss but gained a surplus of \$922.32. At the end of this year they hope to have a substantial surplus, and in time, which they hope will not be far away, reduce their rate of interest to the borrower.

The stockholders of this society decided to experiment with the salary loan business for two reasons: first, because it was the most abused branch of the loan business, and second, to demonstrate the falsity of the argument held by the loan shark that it is impossible to make salary loans at a lower rate than 10 per cent. a month, due to the great risk and actual loss incurred.

The main features of our work may be thus summarized:

1. We not only anticipate the need for a loan, but we also fight the loan shark on behalf of his victim.
2. We enlist the employers on behalf of the distressed employes to such a degree that many employers send their men to us for loans.
3. We make a study of the reasons given for obtaining loans, and try to effect a change in conditions.

We have not striven to make a record for volume of business. We have scrutinized very closely the reasons for borrowing, and the purpose for which the money is to be used must be a legitimate one. This matter is investigated as thoroughly as the borrower himself. When a man seeks a loan from us, in effect we put a hand on his shoulder, call his employer and friends and go into conference with them all to find out how best to tide over the period of distress and stringency. We do not want the pound of flesh. We wish to lift every man to his feet, so that he may again stand erect and look every man in the eye. A loan with us is an honest loan, or we do not make it.

The good work of our Society has just begun. Backed by men of wealth, influence and high standing in the community, recognized as a philanthropic undertaking in many senses of the word, and doing a work that is undeniably good, it undoubtedly will prove its basic principles to be sound, if it has not done so already.

The day for an exorbitant rate of interest on salary or chattel mortgages is swiftly passing. The Legislature is awakening to the fact that laws governing small loans must be passed.

The City of Chicago should control the salary and chattel loan offices and attach a substantial license fee in the same way that it now controls the pawn shops.

Summary of Five Months' Work by the First Industrial.

From January 1st, 1916—June 1st, 1916.

- (1) We have had 4159 male callers and 112 female callers.
- (2) We have made 1390 loans amounting to \$85,810.00.
- (3) Of the above 1390 loans (1288 were males
(102 were females
(994 were married
(396 were single
(58 were earning \$12.00 or less per week.
(940 were earning from \$12.00—\$25.00 per week.
(392 were earning \$25.00 or over per week.
(1088 were for home necessities.
(213 were to pay loan companies.
(399 were for sickness.
- (4) We made 200 loans to real estate holders.
- (5) Of the above 1390 loans made this year 534 were engaged in commercial lines.
177 were engaged in manufacturing lines.
345 were engaged in transportation business.
303 were engaged in government service.
31 were engaged in miscellaneous lines.
- (6) 401 settlements were made with loan companies.
- (7) We paid \$12,109.00 out to the loan companies for settlements and saved the victims \$3,002.30.

Since the Start of Business in November, 1913, and Up To June 1st, 1916.

- (1) We have made 5805 loans amounting to \$322,070.00.
- (2) We have had 23100 male and 1000 female callers.
- (3) We have made 2004 loan company settlements.
- (4) We have paid out to the loan companies for these settlements approximately \$31,630.00.
- (5) We saved the "loan shark" victims approximately \$19,000.00.

The officers and directors of the society are as follows:

W. Rufus Abbott.....	Chicago Telephone Company.
Gustave F. Fischer.....	Rubens, Fischer & Mosser.
Louis Mohr.....	John Mohr & Son.
Henry Beneke.....	Hibbard, Spencer, Bartlett & Co.
D. F. Kelly.....	Mandel Brothers.
Marvin B. Pool.....	Butler Brothers.
William H. Rehm.....	Hotz & Rehm.

Appointed by Governor.

Harry J. Powers.....Powers Theatre.

Appointed by Mayor.

Howard G. Hetzler.....	Western Indiana R. R.
Arthur E. Hill.....	General Manager.

FIRST STATE PAWNERS SOCIETY.

By

SAMUEL WOLFORT, Manager.

For a number of years Chicago Pawnbrokers had no competition and were reaping a harvest by charging a rate of interest from 5 per cent. a month to 10 per cent. a month, and even higher rates on small loans. The legal rate at all times was only 3 per cent. Very little attention was paid to the law, as it cost the borrower too much to invoke its aid.

The Merchants Club, an organization of Chicago's foremost citizens, some years ago realized the injustice to the poor and needy in demanding such high interest, and seeking a way to remedy this evil, had a bill drawn up and passed by the Legislature at Springfield allowing the incorporation, under the control of the State Bank Examiner, of corporations having a paid up capital of \$50,000.00, to organize and loan money at a rate not to exceed 1 per cent. for interest and $\frac{1}{2}$ per cent. for insurance and storage. This law provides that pledges are redeemable at any time within thirteen months from the time loan is made; and if not redeemed, must be sold at public auction, and any surplus received from the sale of said pledge above the amount loaned (together with the interest and cost of selling) is to be returned to the pledger upon his demand at any time within two years from date of sale.

After the passage in 1899 of this act a number of members of the Merchants Club subscribed for stock amounting to \$50,000.00 and organized The First State Pawnors Society, which is now located at 27 West Washington street.

This Society was so successful that a few years later they reduced the interest rate to 1 per cent. a month, covering all charges.

Demands for money have been so great that the capital has been increased from time to time, until at present \$800,000.00 has been paid in. Seeing an apparently good demand in the locality, the directors of this Society, on September 1st, 1916, opened a second office at 39 South Halsted street. It was not expected that success would be great the first year, but while not at present on a paying basis, business is as good as was expected, and improving.

The annual report of the Society for the year ending September 30, 1916, shows:

Number of loans made	\$ 68,435.00
Amount advanced	1,883,745.50

Since 1899 the Society has made 617,346 loans, amounting to \$14,172,416.00. The officers and directors of the Society are as follows:

John V. Farwell, President.
John G. Shedd, Vice-President.
David R. Forgan, Treasurer.
Thomas E. Donnelley, Secretary.

Rollin A. Keyes, Edward B. Butler, Edward A. Bancroft	} Directors
John W. Scott,	

Appointed by the Governor.

Samuel Wolfort, Manager.

Frank H. Jones,

Appointed by the Mayor.

A STATEMENT FROM CALLAHAN AND CALLAHAN, ATTORNEYS.

Since April, 1916, the law firm of Callahan and Callahan has been engaged in a campaign against "loan sharks." During the seven months they have handled nearly eleven hundred cases for victims of the usurers. Some have been settled on the basis of the actual principal due the loan concerns; others on the chancery side of the Circuit and Superior Courts; for still others relief has been sought and secured in bankruptcy proceedings in the United States District Court. Time and money have been sacrificed in affording relief to the victims.

A definite campaign of publicity against the loan sharks, with which the public is familiar, has been conducted in the newspapers.

The firm is now engaged in making a poll of the members of the Legislature of Illinois to ascertain their attitude toward a rational bill looking to the elimination of the loan shark evil.

The salient features of the bill, the firm believes, should provide: (1) for a maximum rate of interest on salary and chattel loans of \$300 and less, of 3 per cent a month; (2) for supervision of loan concerns by the State, either by the State banking department, or through a state supervisor of loan agencies; and (3) for the wife's signature to an assignment of her husband's wages, and other limitations on wage assignments, limitations such as acceptance by the employer, recording with the City Clerk, reasonable limitation as to how long an assignment shall be valid, etc.

Every letter which the firm has received in its poll of legislators has been favorable, and there is every probability that a proper bill will be enacted into law by the next General Assembly of this State.

JAMES E. CALLAHAN.

Appendices

Prepared by Mabel E. Gregg and Earle E. Eubank.

APPENDIX A-I.

MONEY LENDERS WHO ARE MEMBERS OF THE CLEARING HOUSE, AGAINST WHOM THERE ARE DEFINITE LOAN SHARK RECORDS.

EXPLANATORY NOTE.

Appendix A comprises a list of persons, firms, companies or corporations actively engaged in loaning money on salaries or chattels in the city at the present time.

It would not be possible to list all those who are so engaged, as the number operating *sub rosa* could not be determined and scarcely a firm of any importance but has, or has had, some employe who filled that capacity among his fellows to some extent.

At the outset of the study, two hundred and fifty-eight different names were recorded by thorough search of every possible avenue of information. The number was later augmented by a few more, but they form the basis of this directory and the statistical deductions found elsewhere.

Against one hundred ninety-nine of these agencies there were found definite records of complaints and adjustments in the Legal Aid Society, and the First State Industrial Wage Loan Society. This number was materially reduced as later investigation revealed that in many cases, one person or firm was represented more than once due to the fact that said firm or person was operating several different places or in one place under several different names. Sometimes it developed that the technical defendant was merely an employe or "dummy" acting for the real loan agent. In other cases, one person or firm was found to have interest in or was a stockholder in more than one loan agency in the city, and sometimes in one or more different cities and states. This will explain both the later reduction in the apparent number of agencies, and the key number before each entry.

This key number corresponds with the original number given each agent at the beginning of the study, and is preserved throughout to retain the identity of the agent. When a group of numbers appears, it indicates those firms or agencies which are operated by the same owners, listed singly in the beginning of the study, but which have been absorbed by the one described, or it indicates that some connection exists between the individuals indicated by the numbers.

The piquant jargon of the fraternity is quoted at times. It is terse and pithy—expressive alike of the point in mind and the terminology which the business has developed. The man who has changed his address to avoid his obligation is a "skip," his account becomes a "skip account." The tracer is a "skip-hunter." The loan shark's capital is his "turnover," and he speaks not of his annual business, as a rule, but the "monthly turnover."

The letter "R" refers to the roster and indicates that further pertinent and valuable information of a personal or general character bearing upon the agency or the subject in hand, may be found in the roster on file in the Department of Public Welfare. It contains the names of the owners, business associates, "backers" and managers who have been found connected with the loan business in Chicago during recent years.

All who were found loaning money, without regard to the extent to which they engage in the practice are listed here. The importance of some is negligible,—except as to principle. The fact, not the extent of the business, placed them in the category. For the most part however, they carry on a business of at least fair proportions as the approximations indicate. Where none appears, our informants did not feel qualified to make them.

Among the 199 agencies against whom over 3,300 cases are recorded, some were found to be installment houses and were retired from this group as irrelevant to the present study though in themselves deserving of attention. Others were "Collection," "Realization," or "Adjustment" companies, an explanation of whose functions in relation to the loan business is described elsewhere. These too, were retired from the list for the above reason although obviously an instrument of the business.

As the list goes to press, it is fairly accurate, This is all we claim. Revision has constantly been necessary since the study began as the number as well as the locations, names and personnel are constantly shifting.

The balance of those removed was classed as "doubtful, absorbed by others, defunct or in other lines." This is self-explanatory.

The original data upon which this study is based is on file in the Department of Public Welfare, and is open to the inspection of properly authorized persons.

[M. E. G.]

Key No.

2 Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Specialty: Business among Fire and Police Department employees.

Incorporation: A firm of similar name was incorporated in 1914, but identity of the two firms is not established.

Approximate Business: \$50,000.00 a year.

Remarks: Not the actual name of the proprietor.

5 Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society.

Approximate Business: \$55,000.00 a year.

Remarks: Believed to be a relative of proprietor of No. 2— not real name, which was revealed in the course of recent legal proceedings and not denied in Judge Landis' court.

7 Chattel Loans.

In classified directory under Chattel Loans.

Loan Shark Record: First State Industrial Wage Loan Society.

Approximate Business: \$50,000.00 a year.

Remarks: Listed as a chattel loan agent, but has record of salary loans also.

10 Chattel Loans.

In classified directory under Chattel Loans.

Loan Shark Record: First State Industrial Wage Loan Society.

Advertising: Newspaper.

Specialty: "Five-minute loans."

Approximate Business: \$75,000.00 a year.

Remarks: Claims to be a new company.

Key No.

- 14 Chattel and Salary Loans, and 2nd Mortgage Real Estate Loans.
Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.
Advertising: Display in telephone directory; also newspaper.
Specialty: Quick loans—\$10.00 and up.
Approximate Business: \$150,000.00 a year.
- 27 Salary and Chattel Loans.
In classified directory under Salary Loans.
Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.
Approximate Business: \$90,000.00 a year.
Remarks: Near transportation terminal; convenient to railway employees.
- 30 Salary Loans.
In classified directory under Salary Loans.
Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.
Approximate Business: \$60,000.00 a year.
- 35 Salary Loans.
In classified directory under Salary Loans.
Loan Shark Record: Legal Aid Society.
Incorporation: Secretary of State of Illinois reports: "This company a West Virginia corporation; was licensed to do business in this state January 10, 1903. The certificate of authority was canceled April 15, 1908."
Approximate Business: \$75,000.00 a year.
- 36 Chattel Loans.
In classified directory under Chattel Loans.
Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.
Incorporation: Secretary of State of Illinois reports: "This company was incorporated September 1, 1903, for the following purposes:—for the examination of titles to real and personal estates; to furnish information upon which to base credit; to transact a general collecting business, etc."
Approximate Business: \$125,000.00 a year.
Remarks: Operates two offices.
- 37-154-193-11-1
Salary and Chattel Loans.
In classified directory under Chattel Loans.
Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.
Advertising: Newspaper.
Approximate Business: \$250,000.00 a year.
Remarks: This concern is supposed to be under the same management as 154 and 193; also has connections with a so-called adjustment company, which conveniently acts as "innocent third party."

Key No.

38-116-41-R

Chattel Loans.

In classified directory under Chattel Loans.

Loan Shark Record: Legal Aid Society.

Approximate Business: \$20,000.00 a year.

Remarks: Proprietor at one time manager of No. 41. His brother is No. 74; comparatively new under this name.

39 Salary Loans.

In classified directory under Salary Loans.

Woman proprietor.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Advertising: Newspaper.

Specialty: Salary loans from \$10.00 to \$50.00.

Incorporation: Secretary of State of Illinois reports: "This company was incorporated March 9, 1886, for the general investment business and the charter was canceled July 1, 1902, for default in filing annual report.

Approximate Business: \$50,000.00 a year.

40-99-R

Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Advertising: Newspaper.

Specialty: Salaried people and housekeepers.

Approximate Business: \$50,000.00 a year.

Remarks: Owner No. 99—advertises in telephone directory under "Investments and Securities"; company is under "Salary Loans," but does chattel mortgage business also. Very long record.

41-36-74

Chattel Loans.

In classified directory under Chattel Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Advertising: Newspaper and handbills.

Specialty: Specializes in household furniture loans; also offers inducements to "persons who are sick or out of work, or those in debt for taxes, groceries, doctor bills, etc., to allow them to put them on their feet again."

Incorporation: Secretary of State of Illinois reports: "This company was incorporated May 16, 1887, for the following purpose: To lease a building or apartment; to sub-let the same or a part thereof; to solicit loans on real and personal estate for a commission; to solicit purchases and sales of real and personal estate for commission; to transact a general collecting business, etc.

Approximate Business: \$250,000.00 a year.

Remarks: Style themselves "The Old Reliable" and claim to be the oldest loan concern in the state, doing by far the largest business. Has a very exten-

sive record with both the First State Industrial Wage Loan Society and the Legal Aid Society. Among the wealthiest. Operates two offices here. Owners have long chain of offices here and elsewhere, said to be seventy in all. An aged woman is said to be technically the owner, but her son, prominent in society, is the virtual operator. The manager of this concern admits a salary of \$12,000 a year, and asserts that three managers in various loan companies in this city receive an aggregate of \$24,000 a year, and that his salary is no more than this company is paying its other managers in some of the other cities.

(R) Nos 36 and 74 said to be owned by the same capital.

Key No.

42 Chattel Loans.

In classified directory under Chattel Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Advertising: Newspaper (blind ads).

Specialty: Loans on household furniture.

Approximate Business: \$200,000.00 a year.

Remarks: Said to be owned by one of the wealthiest pioneers in the business (R); reputed to be several times a millionaire; operated several companies at one time.

46-47 Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Advertising: Newspaper.

Specialty: Loans "while you wait."

Approximate Business: \$200,000.00 a year.

Remarks: Run on Boston capital. Manager said to be an attorney.

47-46-154-194

Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Advertising: Newspaper.

Approximate Business: \$75,000.00 a year.

Remarks: Apparently under the same ownership as No. 48, but may be under the same direction as No. 154 and No. 194.

48 Chattel and Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Advertising: Newspaper.

Specialty: \$10.00 loans and upward on salary and furniture.

Approximate Business: \$150,000.00 a year.

Remarks: In the same office with No. 160—reason to think they have combined.

Key No.

57 Chattel Loans.

In classified directory under Salary Loans.

Loan Shark Record: Legal Aid Society.

Approximate Business: \$50,000.00 a year.

Remarks: Deals with Illinois Central Railway employees.

60 Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Approximate Business: \$65,000.00 a year.

Remarks: Is an ex-switchman of the St. Paul Railway; specializes with C. & N. W. and St. Paul Railway employees.

61-164

Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Advertising: Newspaper.

Approximate Business: \$70,000.00 a year.

Remarks: Manager is an attorney by profession.

64-66-20-77

Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Approximate Business: \$150,000.00 a year.

Remarks: Has very long record with the above societies. Styled the liveliest salary loan agent in the city. When No. 20—a woman—(R) retired on her marriage to a prominent business man, No. 64 purchased all the "live accounts." The so-called "skip accounts" were sold to No. 3, who has a reputation for making collections.

68 Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Approximate Business: \$65,000.00 a year.

Remarks: Operated by the son of the so-called "King of Loan Sharks," who claimed to do business in sixty-six different cities.

69 Chattel and Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Approximate Business: \$70,000.00 a year.

Remarks: While classified as a chattel agent, has record of salary loans. Evidence indicates that this company is persistent and relentless in effecting settlements.

70 Chattel Loans.

In classified directory under Chattel Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Key No.

Advertising: Newspaper.
Approximate Business: \$75,000.00 a year.
Remarks: Classed as chattel loan agent, but does salary loaning. Reputed to be the cheapest loan agent in the city. Rather a small operator; fair reputation. Brother of No. 71, who recently died.

72 Chattel Loans.

In classified directory under Chattel Loans.

Loan Shark Record: Legal Aid Society.

Approximate Business: \$60,000.00 a year.

81 Chattel Loans.

In classified directory under Chattel Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Approximate Business: \$75,000 a year.

82-R Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Approximate Business: \$50,000 a year.

Remarks: Proprietor is a woman; supposed to be No. 199.

73 Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Advertising: Newspaper.

Specialty: "Five-minute loans."

Approximate Business: \$100,000 a year.

Remarks: Assistant manager is credited with saying they have \$20,000 out at 5 and 10 per cent a month and above. Proprietor is interested in loan companies in various other cities; also proprietor of No. 175 and No. 124. Operated extensively in New York City. A very long record in the First State Industrial Wage Loan Society and Legal Aid Society.

74 Chattel Loans.

In classified directory under Chattel Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Advertising: Newspaper.

Incorporation: Secretary of State of Illinois reports: "This company was incorporated July 5, 1890, for the following purpose: For the examination of titles to real and personal estate; to furnish information upon which to base credit; to transact a general collecting business, etc. The name was changed August 20, 1903, to the present title.

Approximate Business: \$100,000 a year.

Remarks: Said to be one of a chain of offices operating all over the country. Manager said to be brother of the owner of No. 116.

Key No.

87 Salary Loans.

In classified directory under Salary Loans.
Woman proprietor First State Industrial Wage Loan Society and
Loan Shark Record: Legal Aid Society.
Approximate Business: \$50,000 a year.
Remarks: Intimates intention of retiring.

88-22-114-65-R.

Salary Loans.
In classified directory under Salary Loans.
Woman proprietor.
Loan Shark Record: First State Industrial Wage Loan Society and
 Legal Aid Society.
Incorporation: Secretary of State of Illinois reports: "This company was incorporated Sept. 20, 1882, for the purpose of the manufacture and sale of dry-goods. The charter was canceled July 1, 1902, for default in filing annual report."
Approximate Business: \$100,000 a year.
Remarks: Founded by an attorney, who died a few years ago. Had extensive interests. All were sold or combined with the above after his demise. Widow retains interest, although she is in another class of business. Roster of associates and owners show that stockholders from several cities in three states were interested in these various companies.

89 Chattel Loans.

In classified directory under Chattel Loans.
Loan Shark Record: First State Industrial Wage Loan Society and
 Legal Aid Society.
Approximate Business: \$100,000 a year.
Remarks: Ownership the same as No. 160; formerly also of No. 140. Operates two offices; deals with street car employees. Advertises as chattel loan company, but does salary loaning also.

90-111-173.

Chattel Loans.

In classified directory under Chattel Loans (two entries in directory as an Individual and a company).
Loan Shark Record: First State Industrial Wage Loan Society and
 Legal Aid Society.
Incorporation: Secretary of State of Illinois reports: "This company was incorporated March 1, 1910, for the following purpose: For the examination of titles to real estate; to furnish information upon which to base credits; to transact a general collecting business and maintain an office or offices where notes or other evidences of indebtedness may be made payable."
Approximate Business: \$125,000 a year.
Remarks: A particularly obnoxious concern; same ownership as No. 173. Long records. Classed as a chattel loan agency, but has also salary loan record.

Key No.

91-113

Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Advertising: Newspaper.

Approximate Business: \$80,000 a year.

Remarks: Owned by Boston capital. Said to be conducted by same management as No. 113.

94-78-28

Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Advertising: Newspaper.

Approximate Business: \$80,000 a year.

Remarks: Said to be owned by No. 28. Very long record with above societies.

95-160

Chattel Loans.

In classified directory under Chattel Loans.

Loan Shark Record: Legal Aid Society.

Approximate Business: \$50,000 a year.

Remarks: Same ownership as No. 160. Original owner retired with several millions. (R.)

96-158

Salary Loans: Unclassified.

Loan Shark Record: Legal Aid Society.

Approximate Business: \$75,000 a year.

Remarks: Said to have been proprietor of No. 158; originally owned by two old women, who are said to have been "skinned" out of their interest. Was former head of a loan shark association.

101 Salary Loans.

In classified directory under Merchant Tailors.

Loan Shark Record: First State Industrial Wage Loan Society.

Incorporation: Incorporated as a tailoring company.

Approximate Business: \$60,000 a year.

Remarks: Operates under the guise of a merchant tailoring company; owner credited with being the treasurer of the "Loan Shark Clearing House."

102-185-135-31-R

Salary Loans.

In classified directory under Salary Loans (two entries).

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Approximate Business: \$250,000 a year.

Remarks: Advertises in telephone directory as an individual under Salary Loans and as a company under Chattel Loans. Described by those who know him as "square," but has exceedingly long record with above societies. Inquirers for No. 31 are referred to this company.

Key No.

103-197-171-52-R

Chattel Loans.

In classified directory under Chattel Loans.

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Approximate Business: \$50,000 a year.

Remarks: Proprietor has long record with above societies; a brother of No. 115, though business is not so extensive.

105

Salary Loans.

In classified directory under Salary Loans.

Woman manager.

Loan Shark Record: First State Industrial Wage Loan Society.

Approximate Business: \$60,000 a year.

Remarks: This woman (styled and Company) is "backed" by a firm of well-known printers who do not wish their connection to be known.

110-R

Salary Loans.

In classified directory under Salary Loans.

Woman proprietor.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Approximate Business: \$75,000 a year.

Remarks: This concern is owned by a woman whose husband assists in the business, which she inherited on her father's death.

112-R-169

Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: Legal Aid Society.

Advertising: Newspaper.

Specialty: "Five-minute loans."

Approximate Business: \$60,000 a year.

Remarks: Same proprietorship as No. 169. One of the "while you wait" firms, which assures you that a record elsewhere will not prevent your getting loans with them.

113-91-R

Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Advertising: Newspaper.

Specialty: "While you wait" five-minute loans.

Approximate Business: \$80,000 a year.

Remarks: Very extensive record with above societies; owned by Boston capital; classed as salary loan company, but has record of chattel loans.

Key No.

115-197-R

Chattel and Salary Loans.

In classified directory under Chattel Loans (two entries).

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Advertising: Newspaper.

Specialty: Salary loans of \$5 in five minutes, and chattel loans up to \$200 in one hour.

Approximate Business: \$300,000 a year.

Remarks: Claims to be the most liberal in the business. Offers seductive inducements to parties who have been refused elsewhere. "\$150.00 to a man making \$12 a week." "If you have been refused, don't think you cannot get it." Operates two offices; has one of the longest records of complaints with above societies. Well informed persons state that proprietor (R) the largest operator in the city.

117-R

Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Advertising: Newspaper.

Specialty: "While you wait" loans.

Incorporation: Secretary of the State of Illinois reports: "This company was incorporated July 6, 1899, for the following purposes: For the purpose of raising, collecting, harvesting and dealing in leaf tobacco; to purchase and own real estate in connection with said business, and to transact any legitimate business coming within the province of this corporation as regards the purchase and sale of personal property."

Approximate Business: \$80,000 a year.

Remarks: This company is run on Boston capital (R).

120

Chattel Loans.

In classified directory under Chattel Loans.

Loan Shark Record: First State Industrial Wage Loan Society.

Advertising: Prominent display in telephone directory.

Approximate Business: \$100,000 a year.

Remarks: An extensive operator; classified under chattel loans, but does considerable salary business.

123-76

Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society.

Approximate Business: \$60,000 a year.

Remarks: An old telegraph operator, once in company with No. 76, operating a collection agency; dealing mostly with telegraphers; recently said to have purchased the business interests of No. 33, but late indications are that the latter is still in business.

Key No.

124-73-175

Salary Loans.

In classified directory under Salary Loans.

Woman manager.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Advertising: Newspaper.

Approximate Business: \$75,000 a year.

Remarks: Owned by one of the largest operators; proprietors also of No. 73 and No. 75. Advertises that he refuses no one and does not notify your friends or employer. Uses the same address as No. 73, but has another telephone number.

128-21-67

Salary Loans.

In classified directory under Salary Loans.

Woman proprietor.

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Approximate Business: \$50,000 a year.

Remarks: So-called real estate dealer controlled this company. He recently died and his widow is continuing the business at the old stand. Same ownership as No. 67.

129-80-181-205

Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Approximate Business: \$40,000 a year.

Remarks: Owner is proprietor also of No. 80 and No. 181, which were found at the same address but with different telephone numbers. A former associate of No. 205. Both of them belonged to the well known so-called "Logansport bunch." Nos. 129, 80 and 81 seem to be practically one firm under several names, with indications that No. 205 will soon join, if it has not already done so.

36-143-R

Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Incorporation: This is a West Virginia Company, with a license to do business in Illinois in 1905.

Approximate Business: \$75,000 a year.

Remarks: Operated by a well-known party, who also runs a phonograph shop. Has a woman manager.

140

Chattel Loans.

In classified directory under Chattel Loans.

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Incorporation: Company was chartered in 1904. A certificate of dissolution issued in 1912.
Approximate Business: \$125,000 a year.
Remarks: Former millionaire owner withdrawing from Chicago business, sold out to present owner, who is said to have worked with him for fifteen years.

Key No.

142-R

Salary Loans.
In classified directory under Salary Loans.
Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.
Incorporation: Secretary of State of Illinois reports: "This company was incorporated April 30, 1903, for the following purpose,—To conduct a general collection and commercial reporting business; to buy, sell and manufacture merchandise of every description, and to establish branch offices, factories and places of business for the purpose of conducting the business aforesaid."
Approximate Business: \$100,000 a year.
Remarks: Said to be withdrawing from business slowly, has an extensive record, exceedingly active at times, using large display advertisements. At one time offered a premium of "a solid leather bill fold" to every person making a loan before Christmas.

148-R

Chattel Loans.
In classified directory under Chattel Loans.
Loan Shark Record: First State Industrial Loan Society and Legal Aid Society.
Advertising: Newspapers and handbills, the latter a close imitation of a bank note in appearance, the back of which carries a short table of rates.
Approximate Business: \$100,000 a year.
Remarks: The manager is supposed to be "backed" by his wife's parents.

149-50-160-R

Chattel Loans.
In classified directory under Chattel Loans.
Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.
Approximate Business: \$70,000 a year.
Remarks: Original owner had extensive business in the city, but is withdrawing from Chicago affairs.

151-167

Chattel Loans.
In classified directory under Chattel Loans.
Loan Shark Record: Legal Aid Society.
Approximate Business: \$75,000 a year.
Remarks: The two men who run this place advertise in the telephone directory under two names as a firm and as a company.

Key No.

152-R

Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: Wage Loan Society.

Advertising: Newspaper.

Approximate Business: \$80,000 a year.

Remarks: Another one of the "five-minute loan" class, who advertise that they will loan any man or woman steadily employed on their simple promise to pay. The manager, recently cited before Judge Landis, maintains a fine country residence in another state.

154-194

Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Advertising: Newspaper, also distributes business cards offering \$1.00 commission on each customer, with the added inducement that "you do not have to wait for the dollar until the loan is paid out."

Approximate Business: \$80,000 a year.

Remarks: Same ownership as No. 194.

157

Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: Legal Aid Society.

Approximate Business: \$80,000 a year.

Remarks: Convenient to street car terminal, apparently for business purposes.

158-96-R

Salary Loans.

Loan Shark Record: Legal Aid Society.

Incorporation: The Secretary of State of Illinois reports: This company was incorporated Aug. 26, 1909, for the following purpose: To investigate and report on the financial condition and credit of individuals, firms and corporations; to appraise, store, buy, sell and deal in general merchandise, household goods and effects, and any and all other kinds of personal property not prohibited by law, and also to conduct a general collection business for profit. The charter was canceled March 31, 1913."

Remarks: While this company is supposed to be out of business, proprietor is still actively operating. No. 96 is supposed to have the papers of the concern. Two old women formerly owned the company; are supposed to have been "skinned" out of their interests by a former head of "Loan Shark Association."

Approximate Business: \$60,000 a year.

Key No.

159-89-172-160-R

Chattel Loans.

Loan Shark Record: Legal Aid Society.

Advertising: Newspaper.

Incorporation: The Secretary of State of Illinois reports: This company was incorporated June 14, 1899, for the following purpose: Examination of titles to real and personal estate, to furnish information on which to base credits; to transact a general collection business, etc. The charter was canceled April 15, 1914."

Note:—Before charter was canceled company had changed its name but continued to operate under old one.

Approximate Business: \$80,000 a year.

Remarks: Took up the accounts of a former very large operator, who withdrew from business to further his wife's social ambitions. Same concern as No. 160. Name has been changed once or twice.

165

Chattel and Salary Loans.

In classified directory under Chattel and Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Approximate Business: \$110,000.00 a year.

Remarks: Claims "a clean record of twenty-six years." Uses display advertisement in telephone directory.

169

Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Advertising: Newspaper.

Specialty: Advertises "Cash in your pocket in ten minutes."

Approximate Business: \$80,000.00 a year.

Remarks: Owner also of No. 112.

172

Chattel Loans.

In classified directory under Chattel Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Approximate Business: \$150,000 a year.

Remarks: Sold to his manager by former proprietor of No. 160 and No. 189, for same reasons as indicated.

174

Chattel and Salary Loans.

In classified directory under Chattel Loans; also under Salary Loans.

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Approximate Business: \$80,000 a year.

Remarks: Fair reputation. Man and sons sometimes style themselves as a company.

Key No.

175

Chattel Loans.

In classified directory under Chattel Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Approximate Business: \$50,000 a year.

Remarks: Long record in above agencies. Some confusion with No. 176. Proprietor is also connected with several companies (No. 73 and No. 124); also does business in New York City.

176-153-R

Chattel Loans.

In telephone directory as a company under Chattel Loans and as an individual under Salary Loans.

Woman proprietor.

Loan Shark Record: First State Industrial Loan Society and Legal Aid Society.

Approximate Business: \$60,000 a year.

Remarks: Two companies of the same name operate in different parts of the city; proprietor of this is a well-known woman, whose brother-in-law is also interested in the business. Owing to the similarity of names, it was impossible to get entirely accurate information as to number of cases against this company. A long list is positively connected with it, allowing for the above. Operates as a company and as an individual.

178

Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Advertising: Newspaper.

Approximate Business: \$100,000 a year.

Remarks: Proprietor is a lawyer, who was said to have retired from practice. Petition for disbarment was filed against him at one time (1912), but he is still listed in the classified directory as "lawyer."

179

Chattel Loans.

In classified directory under Chattel Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Advertising: Newspaper and handbills or cards adroitly worded and well calculated to mislead.

Approximate Business: \$80,000.00 a year.

Remarks: Styled the worst firm in the city; much trouble and confusion have been caused by the similarity of its name with that of a legitimate and well conducted business enterprise. Proprietor said to have places in Pittsburgh and Philadelphia also.

Key No.

181-80

Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Approximate Business: \$50,000 a year.

Remarks: Owner of No. 80 owns both this and No. 129. Said to be interested in No. 205 A.

183

Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Approximate Business: \$70,000 a year.

Remarks: Proprietors are man and wife; latter formerly did business under her maiden name. They sometimes now call themselves by a firm name which is a combination of the two names.

188

Salary and Chattel Loans.

In classified directory under Salary Loans.

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Incorporation: Secretary of State of Illinois: "This company was incorporated February 24, 1900, for the following purpose: Carrying on the business of buying and selling bonds and other securities." The charter was canceled July 1, 1902, for default in filing annual report.

Approximate Business: \$80,000 a year.

Remarks: Supposed connection with No. 179.

191

Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Approximate Business: \$175,000 a year.

Remarks: Proprietor was once a Metropolitan employee, a Jew, and said to be "the whitest fellow in the business." Loan Shark Clearing House, of which he is "silent" president, was at one time said to have its offices in his parlor. One of the largest operators.

193

Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Advertising: Newspaper.

Approximate Business: \$100,000 a year.

Remarks: It is said that No. 11 deals exclusively in their paper. Apparently same owners as No. 37 and No. 11. One is an attorney. Long and obnoxious records.

NOTE:

No. 193, doing business in the Rector Building, is a concern loaning money at usurious rates of interest (many of whose clients are school teachers), in which (R), who is also known as a banker, has an interest.

When an installment of the principal and usurious note is not paid in accordance with its terms, these notes are transferred to an "Adjustment" company, No. 11, a corporation, whose name was changed on the 2nd day of October, 1916. Suit is then begun on these notes by this "adjustment" company through its attorney and agent, who is one of the proprietors of No. 193, and judgment is taken, including attorney's fees, on both notes and usurious interest. In other words, while this corporation exists as a separate entity, it is in effect the collecting agent for No. 193, for which purpose it seems apparently to have been incorporated, inasmuch as it handles cases of no other firms. In so doing it is virtually violating the Illinois statutes (Hurd's R. S., 1915-16, p. 636, Chap. 32, Sec. 1), which says that a corporation may not be formed in the manner provided by this act for the purpose of loaning money.

In the Statement of Claim this "adjustment" company alleges on oath that it is an "innocent purchaser for value without notice" of these notes.

Key No.

194

Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Advertising: Newspaper.

Specialty: "Five-minute loans." Railroad employees.

Approximate Business: \$100,000 a year.

Remarks: Under the same management as No. 154. Very long and active record.

195

Chattel Loans

In classified directory under Chattel Loans.

Loan Shark Record: Legal Aid Society.

Approximate Business: \$75,000 a year.

196

Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Advertising: Newspaper.

Specialty: Small, quick loans, \$5.00 to \$25.00.

Approximate Business: \$80,000 a year.

Remarks: Proprietor a former telephone employe, who started in a small way.

199-132-133-82-R

Salary Loans.

In classified directory under Salary Loans.

Woman proprietor.

Loan Shark Record: Legal Aid Society.

Remarks: Same ownership as No. 82.

205

Salary Loans.

In classified directory under Salary Loans.

Loan Shark Record: Legal Aid Society.

Remarks: Known as one of the "Logansport bunch;" once worked with No. 80; recently died but business is still going on.

APPENDIX A—NO. II.

Money Lenders not in the Clearing House Against Whom There Are Definite Loan Shark Records.

Key No.

24-1

Salary and Chattel Loans.

In classified directory under Investment and Securities.

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Approximate Business: \$100,000 a year.

Remarks: In classified directory as an individual and as a company. Conveniently located at street car terminal; specializes with employes. Proprietor a lawyer, artist and physician.

4

Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society.

Approximate Business: \$20,000 a year.

8-9-137-R

Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society.

Approximate Business: \$55,000 a year.

Remarks: Bought out the business of another.

13

Salary Loans.

Woman proprietor.

Loan Shark Record: First State Industrial Wage Loan Society.

Approximate Business: \$30,000 a year.

Remarks: Original proprietor committed suicide some time ago. Widow states she intends to retire soon.

16

Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society.

Approximate Business: \$70,000 a year.

Remarks: Founder is dead; sons carry on business, mostly with surface line employes; use insurance and and real estate as cover.

19

Salary Loans.

In telephone directory as Manufacturer's Agent. (Unclassified.)

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Approximate Business: \$30,000 a year.

23

Salary Loans.

In classified directory under Real Estate.

Loan Shark Record: First State Industrial Wage Loan Society.

Remarks: Reputed to deal with city employes, school teachers, firemen and police. Poses as a real estate dealer,

commercial paper dealer and insurance agent. Said to be church trustee with social aspirations. Said to have had a "trapper" who received \$2.00 apiece for each victim he "steered" in.

Key No.

25

Salary Loans.

Loan Shark Record: Legal Aid Society.

Specialty: Street car employees.

Approximate Business: \$25,000 a year.

Remarks: For a long time put up the \$25.00 deposit once required by a street car company before employing men. A relative of a cashier of the Chicago Surface Lines, it is alleged. Also in the coal business.

28-58

Salary Loans.

Women proprietors—sisters.

In unclassified telephone directory.

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Approximate Business: \$75,000 a year.

Remarks: Sisters inherited business; one since married but still active; described as "high-class" woman.

33 Salary Loans.

In unclassified telephone directory.

Loan Shark Record: Legal Aid Society.

Approximate Business: \$50,000 a year.

Remarks: Once described as one of the most respected citizens of a prominent suburb; vast wealth; a physician, retired from practice; head of a mail order specialty house; most actively assisted by his sister. Attracted considerable attention because of a case which he carried to the Supreme Court, causing a law regulating wage assignments to be declared unconstitutional. Said to have recently sold out to No. 123, but recent communication indicated some activity in this line still.

45-192

Salary Loans.

Loan Shark Record: First State Industrial Wage Loan Society.

Approximate Business: \$70,000 a year.

Remarks: Proprietor, a well-known department store merchant; a brother, now dead, was founder. Specialized with city employees.

53 Salary Loans.

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Remarks: Once the superintendent of a factory; bears a good reputation; business a side line, which he is closing out at present.

Key No.

- 54 Salary Loans.
In classified directory as Lawyer.
Loan Shark Record: First State Industrial Wage Loan Society.
Advertising: Newspaper.
Specialty: Small, quick loans, \$5 to \$15. Styles himself a "salary loan specialist."
Approximate Business: \$60,000 a year.
Remarks: Outside assistance has frequently been sought in settling accounts with him.
- 55 Salary Loans.
Woman Manager.
Loan Shark Record: First State Industrial Wage Loan Society.
Specialty: Street car employes.
Approximate Business: \$75,000 a year.
- 63 Salary Loans.
Woman Proprietor.
Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.
Approximate Business: \$60,000 a year.
Remarks: Said to deal only with high-class, clerical; "very fine woman," not her real name, wife of a lawyer, whose name only appears on the office door.
- 67 Salary Loans.
Woman Manager.
Loan Shark Record: Legal Aid Society.
Remarks: A man formerly in the business independently is now operating in this office or connected with it. Manager styled a sharp business woman of fine character; widow of a former notorious operator.
- 78-28-194
Salary Loans.
In classified directory under Salary Loans (listed twice, as a company and an individual).
Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.
Advertising: Newspaper.
Specialty: "Five-minute loans."
Approximate Business: \$150,000 a year.
Remarks: Owner one of the most active in business; conspicuous in recent bankruptcy proceedings brought by victim; cited before Judge Landis; formerly manager of No. 194. Very long record of complaints with above societies.
- 83 Salary Loans.
Loan Shark Record: First State Industrial Wage Loan Society.
Approximate Business: \$60,000 a year.
Remarks: Is in real estate business primarily. Loans to Jewish people. A side line.

Key No.

97 Salary Loans.

In classified directory under Investments and Securities.

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Approximate Business: \$80,000 a year.

Approximate Business:

98 Chattel Loans.

In unclassified directory "Loans" appearing after name.

Loan Shark Record: Legal Aid Society.

Approximate Business: \$50,000 a year.

90-40 Salary and Chattel Loans.

In classified directory under Investments and Securities.

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Approximate Business: \$75,000 a year.

Remarks: Senior member is owner of another loan association, No. 40; same address but different telephone number.

104-R

Salary Loans.

In classified directory under Investments and Securities.

Loan Shark Record: First State Industrial Wage Loan Society.

Advertising: Newspaper.

Specialty: Specializes according to advertisements with the better element of employes, merchants and manufacturers; loans less than \$200 and \$300 do not interest them.

Approximate Business: \$300,000 a year.

Remarks: Proprietors style themselves "private bankers"; two brothers, apparently partners, credited with being the most suave and convincing in their arguments and methods of any in the business. Use the name of "..... Loan Credit and Trust Company."

106 Salary Loans.

Woman proprietor.

Loan Shark Record: First State Industrial Wage Loan Society and Legal Aid Society.

Approximate Business: \$10,000 a year.

Remarks: Has been connected with several well known agents, acting as manager of the offices or a "dummy." Investigation discloses her working independently under the name of a company.

122 Salary and Chattel Loans.

In unclassified directory "loans" after name.

Woman Proprietor and Manager.

Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.

Advertising: Newspaper.

Approximate Business: \$75,000 a year.

Specialty: \$5 and \$10 loans.

Key No.

- 131 Salary Loans.
Loan Shark Record: First State Industrial Wage Loan Society.
Incorporation: Firm of similar name was incorporated in 1904; identity with this party not established.
Approximate Business: \$40,000 a year.
Remarks: Formerly with No. 64, now operating independently.
- 135 Chattel Loans.
Loan Shark Record: Legal Aid Society.
Approximate Business: \$50,000 a year.
Remarks: Claims to be a real estate dealer only.
- 144-R
Salary Loans.
In classified directory under Salary Loans.
Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.
Advertising: Newspapers.
Specialty: Small loans to salaries employees and women house-keeping.
Approximate Business: \$75,000 a year.
Remarks: Former manager was well known as a lobbyist in loan, shark interests. Owned by Pittsburgh capital; one of a string of offices in several cities; may have a partner. Operates in Cleveland, Pittsburgh and Cincinnati.
- 145 Salary Loans.
Loan Shark Record: First State Industrial Wage Loan Society.
Remarks: Interested in another line of business on the south side; an employee of the Michigan Central.
- 162-161
Salary Loans.
Woman Proprietor.
Loan Shark Record: Legal Aid Society.
Specialty: School teachers.
Remarks: Original owner dead; public administrator has accounts. Dealt with school teachers. Woman, former associate, does business to a limited extent in real estate business. "Only two will know it" was the slogan of this firm. Accommodation on old conditions and rates was recently offered. Formerly did chattel loaning also.
- 163 Salary Loans.
Loan Shark Record: First State Industrial Wage Loan Society.
Remarks: Was No. 121 in old official list of Clearing House.
- 173-111-R
Chattel Loans.
In classified directory under Banks and also Chattel Loans.
Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.
Advertising: Display in telephone directory.

Specialty: Loans on furniture.
 Approximate Business: \$300,000 a year.
 Remarks: Operates several offices. Firm is made up of three prominent, well-known, loan agents. Also operates No. 90. This firm is considered one of the most dangerous in the city because of its title and the fact that many victims are inveigled into its hands under the impression that it is a legitimate bank. Very long and conspicuous record in the above societies.

Key No.

177-59-R

Chattel and Salary Loans.
 In classified directory under Salary Loans.
 Loan Shark Record: Legal Aid Society.
 Incorporation: Secretary of State of Illinois reports: "This company was incorporated May 22, 1909, for the following purpose: To examine and report on the financial standing of persons and corporations and act as financial agent in the collection and brokerage business."
 Approximate Business: \$60,000 a year.
 Remarks: Proprietor is described as "very decent fellow." Has record under own name and as company.

162-R

Salary Loans.
 Loan Shark Record: Legal Aid Society and First State Industrial Wage Loan Society.
 Specialty: Specializes in business loans.
 Remarks: Was business associate of well-known operator now in penitentiary. Claims to be a broker; has a license; claims usurious interest is merely brokerage fee; was No. 63 on former official list of Clearing House.

261 Salary and Chattel Loans.

Loan Shark Record: Legal Aid Society.
 Remarks: This company was started in the spring of 1916, but has already achieved a record.

237 Salary and Chattel Loans.

Loan Shark Record: Legal Aid Society.
 Advertising: Newspaper.
 Remarks: Uses seductive advertisement philanthropic in tone; claims to run "no loan office." "If you need a friend and money, mail _____." This person is said to have been "black-balled" when he attempted to join the Clearing House, principally because his advertisements were said to reflect upon the profession.

262 Chattel Loans.

In classified directory under Chattel Loans.
 Loan Shark Record: First State Industrial Wage Loan Society.
 Remarks: The name is frequently confused with another very similar.

APPENDIX A—NO. III.

Money Lenders Who Are Members of the Clearing House, But no Cases Have Been Found on Record in the Legal Aid Society or First State Industrial Wage Loan Society.

Key No.

- 201 Salary and Chattel Loans.
In classified directory under Salary and Chattel Loans.
Advertising: Newspaper.
Approximate Business: \$50,000 a year.
- 202 Salary Loans.
In classified directory under Salary Loans.
Advertising: Newspaper.
Remarks: One of the "five-minute" companies.
Approximate Business: \$75,000 a year.
- 203 Salary Loans.
In classified directory under Salary Loans.
Remarks: Advertises as an individual under Salary Loans; in unclassified as a Loan Bank.
- 215 Salary Loans.
In classified directory under Salary Loans.
Advertising: Newspaper.
Remarks: A "ten-minute" concern. Proprietor said to be a relative of No. 171.
Approximate Business: \$90,000 a year.
- 206 Salary Loans.
In classified directory under Salary Loans.
Remarks: Said to operate among railway employees. Proprietor the same as No. 102.
- 79 Chattel Loans.
In classified directory under Chattel Loans.
Remarks: Similar name but not connected with No. 124, No. 175 or No. 73.
Approximate Business: \$100,000 a year.
- 232 Salary Loans.
In classified directory under Salary Loans.
Remarks: Located near a prominent southwest side transfer point.
Approximate Business: \$100,000.
- 251 Chattel Loans.
In classified directory under Chattel Loans.
Advertising: Newspaper.
Remarks: Runs a general merchandise business in connection; apparently loans at legal rates on anything of value.
Approximate Business: \$75,000 a year.

APPENDIX A—NO. IV.

Money Lenders Not in Clearing House; in Active Business But no Records Found Against Them in Legal Aid Society or First State Industrial Wage Loan Society.

Key No.

270 Salary Loans.

In classified directory under Salary Loans.

Approximate Business: \$50,000 a year.

204 Salary Loans.

Remarks:

Connected with North-Western R. R.; deals with employes. Takes his accounts to Wisconsin and sells them to supposedly "innocent third parties," one of whom showed remarkable knowledge of loan shark methods and business accounts in a recent trial.

218 Chattel Loans.

In classified directory under Bankers:

Remarks:

Discounts machinery house notes. This firm said to do large amount of "chattel sharking" where large sums only are involved.

Approximate Business: \$200,000 a year.

231 Salary Loans.

In unclassified directory.

Remarks:

Supposed connection with founder of No. 60 denied. Still in business but independently on northwest side.

Approximate Business: \$50,000 a year.

234 Chattel Loans.

Remarks:

Answered "blind ad" in Daily News July 20, 1916. Southwest side.

242 Chattel Loans.

In telephone directory unclassified.

Remarks:

Answered "blind ad" in Daily News; offered to loan \$100 at \$2.00 per week or 10 per cent. per annum.

259 Salary Loans.

In classified telephone directory under Real Estate and Loans.

Remarks:

Operates some on a small scale.

260 Chattel and Salary Loans.

In telephone directory—next issue.

Advertising:

Newspapers.

Remarks:

Advertisement appeared lately in newspapers; a new concern.

Approximate Business: \$50,000 a year.

Key No.

263 Salary and Chattel Loans.

Advertising: Newspaper.
Specialty: \$10 loans on salaries, furniture, pianos, etc.
Remarks: Lately began advertising (within a few weeks).

264 Salary and Chattel Loans.

Not yet in telephone directory.

Advertising: Newspaper.
Remarks: A new firm which disclaims connection with a former agency of similar name. Specializes in \$10.00 loans and upward—at reasonable rates.

265-R

Salary Loans.

In unclassified directory.

Advertising: Formerly advertised loans to "high class salaried men."

Remarks: Formerly in business with another man but now alone.

Approximate Business: \$75,000 a year.

266 Salary Loans.

Advertising: Newspaper.
Specialty: "Loans to high class salaried people."

267 Salary Loans.

In unclassified directory.

Remarks: Formerly described as "loan shark, church member and dealer in municipal bonds." Said not to be very active owing to ill health.

268 Salary Loans.

Advertising: Newspaper.
Specialty: "\$5.00 and \$10.00 loans."

269 Chattel and Salary Loans.

Advertising: Newspaper. "Salary and furniture loans at low rates."
Approximate Business: \$60,000 a year.

APPENDIX B.

Regulation of Rates of Interest on Loans.

I. General Interest Regulations.

State	Legal Rate Per Cent.	Contract Rate Per Cent.
Alabama	8	8
Alaska	8	12
Arkansas	6	10
Arizona	6	12
California	7	any
Colorado	8	any
Connecticut	6	6
Delaware	6	6
District of Columbia	6	10
Florida	8	10
Georgia	7	8
Idaho	7	12
Illinois	5	7
Indiana	6	8
Iowa	6	8
Kansas	6	10
Kentucky	6	6
Louisiana	5	8
Maine	6	any
Maryland	6	6
Massachusetts	6	any
Michigan	5	7
Minnesota	7	10
Mississippi	6	8
Missouri	6	8
Montana	8	any
Nebraska	7	10
Nevada	7	any
New Hampshire	6	6
New Jersey	6	6
New Mexico	6	12
New York	6	6
North Carolina	6	6
North Dakota	7	12
Ohio	6	8
Oklahoma	6	10
Oregon	6	10
Pennsylvania	6	6
Rhode Island	6	any
South Carolina	7	8
South Dakota	7	12
Tennessee	6	6
Texas	6	10
Utah	8	12
Vermont	6	6
Virginia	6	6
Washington	6	12
West Virginia	6	6
Wisconsin	6	10
Wyoming	8	12

II. Digest of Laws Relating to Organization of Societies for the Purpose of Making Small Loans.

Prepared by Thurber M. Smith, Investigator for the Department
of Public Welfare.

(Societies organized under the following special laws are not circumscribed by the general regulations as to *legal* and *contract* rates of interest laid down by their respective states, as indicated in Part I of Appendix B. All other persons and organizations loaning money are subject to them; loan sharks fall within this latter group.)

CALIFORNIA: Page 969 of the Statutes of 1909, as amended by page 978, Statutes of 1911.

Date of Act:	1909-1911.
Interest Rate Allowed:	2 per cent. per month.
Other Fees and Charges Allowed:	None.
Limitation on Amount of Loan:	None.
Licensing Requirements:	None.
Limitation on Dividend:	None.
Rights of Borrower Under Act:	No contract shall be valid if interest at a greater rate is charged and excess may be recovered by the person advancing it.
Penalty for Violation:	Violation of act shall be punished by a fine of from \$50 to \$500, or imprisonment from 10 days to 6 months, or both.

COLORADO: Session Laws of 1914, p. 400.

Date of Act:	April 12, 1913.
Interest Rate Allowed:	2 per cent. per month.
Other Fees and Charges Allowed:	None.
Limitation on Amount of Loan:	None.
Licensing Requirements:	All companies doing a loan business and charging over 12 per cent. per annum must be licensed and must keep register of loans made. License fee \$50; bond \$2,000.
Limitation on Dividends:	None.
Rights of Borrower Under Act:	Person who has paid more than the legal rate of interest may recover treble the amount and costs.
Penalty for Violation:	A violation of act shall be deemed a misdemeanor, punishable by fine of \$25 to \$300, or imprisonment from 5 to 30 days.

CONNECTICUT: Chapter 238, Acts of 1907, as amended by Chapter 244, Acts of 1911.

Date of Act:	1907-11.
Interest Rate Allowed:	1 per cent. per month.
Other Fees and Charges Allowed:	None.
Limitation on Amount of Loan:	None.
Licensing Requirements:	None.
Limitation on Dividends:	None.
Rights of Borrower Under Act:	Actions by the lender on loans violating the Act are prohibited.
Penalty for Violation:	Fine up to \$1,000; imprisonment up to 6 months, or both.

DISTRICT OF COLUMBIA: Chapter 359, of laws of 1913, or Chapter 26, page 657, Statutes at Large, 1911-1913.

Date of Act:	1913.
Interest Rate Allowed:	1 per cent. per month.
Other Fees and Charges Allowed:	None except those incurred in foreclosure proceedings. In foreclosure proceedings no attorneys' fees amounting to more than 10 per cent of the sum shall be allowed.
Limitation on Amount of Loan:	No loan greater than \$200 shall be made to any one person.
Licensing Requirements:	A license must be procured to loan money at a rate greater than 6 per cent. License fee \$500; bond \$5,000. Must keep register of loans.
Limitation on Dividends:	None.
Rights of Borrower Under Act:	Upon violation of the interest rate the lender shall forfeit to the borrower all interest collected and in addition a sum equal to one-fourth of the principal, to be deducted from principal sum.
Penalty for Violation:	Violation of the Act shall be punished by a fine of from \$25 to \$200 or imprisonment from 5 to 30 days, or both.

FLORIDA: Chapter 5960, Laws of 1909.

Date of Act:	June 12, 1909.
Interest Rate Allowed:	10 per cent. per annum.
Other Fees and Charges Allowed:	None.
Limitation on Amount of Loan:	None.
Licensing Requirements:	None.
Limitation on Dividends:	None.
Rights of Borrower Under Act:	Anything higher than 10 per cent. per annum is usury and upon violation of the interest rate the entire interest is forfeited, or if paid, the person paying may recover double the amount. This provision does not apply to a bona fide transferee of negotiable paper.
Penalty for Violation:	None, unless the interest charged amounts to 25 per cent. per annum, then lender shall forfeit entire sum, principal and interest, and shall be deemed guilty of a misdemeanor, punishable by fine up to \$100 or imprisonment up to 90 days or both.

GEORGIA: Code of Georgia, 1914, Chapter 12, Sections 3426 to 3466.

Date of Act:	1904-1908, Apr. 15.
Interest Rate Allowed:	5 per cent. a month.
Other Fees and Charges Allowed:	None.
Limitation on Amount of Loan:	None.
Licensing Requirements:	Every person must be licensed, either by licensing officer of city or county, in order to engage in business of wage loans. Fee \$1.50. Bond \$500. Must keep records open for inspection.

Limitation on Dividends:	None.
Rights of Borrower Under Act:	Payment of excess interest by the borrower shall be considered as payment on the principal.
Penalty for Violation:	Violation of the interest rate allowed shall be considered a misdemeanor.

ILLINOIS: Acts of 1913, Sections 2694-1 to 2694-13, or page 699, Section 218-230, Hurd's Revised Statutes 1915-16.

Date of Act:	1913.
Interest Rate Allowed:	3 per cent. per month.
Other Fees and Charges Allowed:	None.
Limitation on Amount of Loan:	Amount loaned to one person shall not exceed \$250.
Licensing Requirements:	Companies incorporated under this Act must report annually to the auditor of public accounts, who has the power of examination and supervision over such companies. Capital stock shall not be less than \$25,000. Corporation must keep record of loans and deliver copies of all papers to borrower. Bond of \$5,000 filed with the County Clerk of the County in which business is carried on. Governor of the state and Mayor shall each appoint one director. Number of directors shall not exceed nine.
Limitation on Dividend:	Dividend shall not exceed 6 per cent per annum.
Rights of Borrower Under Act:	If illegal rate of interest is charged contract is invalid and right of recovery to the excess above the rate specified accrues to the borrower who has paid such excess rate. Notes secured by wage assignments must state this fact on their face and are subject to original defenses in the hands of an assignee. Any wage association securing notes which do not state this fact on their face are void.
Penalty for Violation:	Any director, officer or employe of a corporation organized under this Act who receives compensation in excess of the legal rate herein fixed is guilty of a misdemeanor. On conviction shall be fined up to \$100.00 or imprisoned up to 6 months, or both. Attorney General shall take the necessary legal steps to wind up the business of the corporation violating the Act.

INDIANA: Acts of 1913, p. 457, or Revision of 1914, Sections 8277-A to 8277-H.

Date of Act:	1913.
Interest Rate Allowed:	2 per cent. per month.
Other Fees and Charges Allowed:	\$3.00 for investigation of secured loans.
Limitation on Amount of Loan:	\$250.00.
Licensing Requirements:	Companies making loans under \$250.00 and charging interest at a rate more than 8 per cent. per annum shall be licensed as petty money lenders by the

Clerk of the Circuit Court of the county in which they do business. License fee \$50. Bond \$2,000.

Limitation on Dividend:

None.

Rights of Borrower Under Act:

Upon violation of Act loan shall be null and void as to amounts paid in excess of the amount actually loaned.

Penalty for Violation:

Any violation of Act shall be deemed a misdemeanor, punishable by a fine of from \$10 to \$100 and imprisonment up to 30 days.

IOWA: Supplemental Supplement to the Code of Iowa, 1915, Section 3041-A.

Date of Act:

1915.

Interest Rate Allowed:

2 per cent. per month.

Other Fees and Charges:

Cost of drawing papers,.....\$ 1.00

Examination: 10 per cent. when

loan is under\$50.00

No fee greater than\$ 5.00

A recording fee if required.

Limitation on Amount of Loan:

None.

Licensing Requirements:

None.

Limitation on Dividend:

None.

Rights of Borrower Under Act:

If suit is brought on usurious contract, plaintiff is entitled to recover principal sum only, but must forfeit 8 per cent. of principal remaining unpaid to State for use of the school fund.

Penalty for Violation:

Violation of interest rate shall be deemed a misdemeanor, punishable on conviction by a fine of from \$25 to \$500 or imprisonment from 30 to 90 days.

MAINE: Section 2 of Chap. 46, Revised Statutes, as amended by Chap. 90 of the Laws of 1905, as amended by Chap. 979 of the Laws of 1907.

Date of Act:

1907.

Interest Rate Allowed:

3 per cent. per month for 3 months and thereafter not to exceed 15 per cent. per year.

Other Fees and Charges Allowed: \$3.00 for the expense of making the loan.

Limitation on Amount of Loan: \$200.00.

Licensing Requirements:

None.

Limitation on Dividend:

None.

Rights of Borrower Under Act:

All loans violating this Act shall bear interest at the rate of 6 per cent. only, and all payments in excess of 6 per cent. shall be applied to the discharge of the principal.

Penalty for Violation:

None.

MARYLAND: Laws of 1912, p. 1620, Chapter 835, amending Sections 6 and 7 of Article 49 of the Public General Laws of Maryland.

Date of Act:

April 11, 1912.

Interest Rate Allowed:

6 per cent. per annum.

Other Fees and Charges Allowed: May charge following fees:

\$5.00 for \$50.00 or less.

\$6.00 for \$50.00 to \$100.00.

5% of excess additional for \$100—
\$1,000.

2½% of excess additional for over
\$1,000.

Limitation on Amount of Loan:	None.
Licensing Requirements:	None.
Limitation on Dividend:	None.
Rights of Borrower Under Act:	A loan in connection with which violation occurs is void and borrower is entitled to recover all sums paid on account of it. Assignment of wages to secure usurious loan is void. Art. 8, Sec. 15.
Penalty for Violation:	Fine up to \$100 for the first offense; fine up to \$100 and imprisonment up to 30 days for each subsequent offense.

MASSACHUSETTS: Acts of 1911, Chap. 727, as amended by Acts of 1912, Chapter 675, as amended by Chap. 347, Laws of 1913, *as amended by Chap. 224, Laws of 1916 (lacking)*.

Date of Act:	1911-1912-1913.
Interest Rate Allowed:	May be fixed by Supervisor or Loan Agencies, not to exceed 3 per cent. per month.
Other Fees and Charges Allowed:	None.
Limitation on Amount of Loan:	\$300.00.
Licensing Requirements:	All persons making loans of less than \$300 and charging more than 12 per cent. per annum must be licensed by the Supervisor of Loan Agencies. License fee not less than \$100. Bond \$5,000. If persons engage in business without a license, they may be fined up to \$500 or imprisoned up to 60 days, or both, and loans made by such unlicensed persons are void.
Limitation on Dividends:	None.
Rights of Borrower Under Act:	Upon violation of interest rate the borrower may file a complaint with the Supervisor of Loan Agencies who, after a hearing, may order excess amounts refunded, or may make such other order as he deems necessary, or the loan may be declared void by the court upon petition of the borrower, who shall receive back the unlawful interest collected, with twice the legal costs.
Penalty for Violation:	Violation of Act may be punished by fine up to \$500 or imprisonment up to 60 days, or both, and the license may be revoked by the Supervisor of Loan Agencies.

MICHIGAN: Chapter 228, Acts of 1915.

Date of Act:	1915.
Interest Rate Allowed:	3 per cent. per month on loans of \$100 or less 2 per cent. per month on loans of \$100—\$300
Other Fees and Charges Allowed:	\$1 where amount is \$50 or less \$2 where amount is over \$50 Where loan is for less than 4 months— \$1 for 50 or over 50c for \$50 or less
Limitation on Amount of Loan:	\$300.00

Licensing Requirements:	All persons making loans of \$3.00 or less and charging over 7 per cent. per annum must be licensed by the City Clerk. License fee \$50. Bond \$1,000.
Rights of Borrower Under Act:	If interest rate is in excess of amount fixed by law, the loan is void and borrower cannot be made to pay back the money received or any part thereof.
Penalty for Violation:	Fine up to \$100 for first offense. Fine up to \$100, revocation of license, and, in discretion of court, imprisonment not exceeding 60 days for the second offense.

MINNESOTA: Chapter 439, Acts of 1913. Sections 5805 to 5811.

Date of Act:	1913.
Interest Rate:	1 per cent. per month.
Fees and Charges Allowed:	In case of chattel mortgages where possession is not taken fees may be charged in addition to the interest. \$1.75 on \$20 or less 2.75 on 20 to \$45. 3.75 on 45 to 75. 4.75 on 75 to 150. 5.75 on amounts over \$150.
Limitation on Amount of Loan:	\$200.00.
Licensing Requirements:	Each corporation must be licensed to engage in salary loan or chattel mortgage loan business. License to be issued by the City Clerk or corresponding officer. Fee \$25.00. Application must be accompanied by affidavit, stating place of business, names of officers and manager; also that in the year preceding application the company did not pay over 6 per cent. in dividends.
Limitation on Dividends:	Six per cent. (6%).
Rights of Borrower Under Act:	No special rights given by Act.
Penalty for Violation:	None.

MISSOURI: Page 545, Acts of 1913.

Date of Act:	1913.
Interest Rate Allowed:	2 per cent. per month, not collectible in advance.
Other Fees and Charges Allowed:	\$1 50 for examination of chattels.
Limitation on Amount of Loan:	No loan greater than \$300.00.
Licensing Requirements:	In cities of over 30,000 population persons engaging in chattel loan business and charging over 8 per cent. per annum must be licensed. License may be granted by the Mayor of the city and fee may be fixed by ordinance. Until it is fixed, however, it shall be \$25.00 and a bond of \$2,000 shall be given. Every City to which this Act now applies or hereafter shall apply shall have the right to provide by ordinance consistently with this Act for the licensing, supervision, regulation and control of every person, firm, partnership, corpora-

	tion or association within its jurisdiction that is engaged or desires to engage in the transaction of the chattel loan business in the said city under the provisions of this Act.
Rights of Borrower Under Act:	Upon violation of the Act the loan shall be void and the principal remaining unpaid shall be forfeited to the borrower.
Penalty for Violation:	Violations of the Act shall be considered misdemeanors punishable by fine of from \$100 to \$500 or imprisonment from 30 to 90 days.

NEBRASKA: Chapter 204, Laws of 1915.

Date of Act:	1915.
Interest Rate Allowed:	10 per cent. per annum.
Other Fees and Charges Allowed:	Brokerage fee of 1/10th the amount loaned. Examination fee 50c on loans up to \$50.
Limitation on Amount of Loan:	None.
Licensing Requirements:	Must be licensed to engage in business. The records must be open to inspection by the Secretary of State. License fee \$60. Bond \$2,000.
Limitation on Dividends:	None.
Rights of Borrower Under Act:	Upon action by the borrower for violation of this Act the lender shall forfeit to the borrower both the principal and interest.
Penalty for Violation:	Punishable by fine from \$25 to \$100, or imprisonment from 30 days to 3 months.

Remarks: Any person making a false statement to secure a loan shall be fined up to \$25 or imprisoned up to ten days.

NEW JERSEY: Chapter 49 of the Laws of 1914.

Date of Act:	1914.
Interest Rate Allowed:	3 per cent. per month.
Other Fees and Charges Allowed:	None.
Limitation on Amount of Loan:	No greater loan than \$300.00 to one individual.
Licensing Requirements:	Every firm in the business of loaning money in amounts less than \$300.00 must be licensed by the Commissioner of Banking and Insurance. License fee \$50. Company must file bond of \$5,000.00 with Commissioner and submit to annual examination.
Limitation on Dividends:	None.
Rights of Borrower Under Act:	Upon violation of Act loan is void and borrower entitled to recover all sums paid.
Penalty for Violation:	Violation of Act shall be deemed a misdemeanor. License may be revoked for violations.

NEW YORK: Chap. 588 of the Laws of 1915, amending Sec. 13 and Art. 9 of the Banking Law and repealing Chapter 518 of the Laws of 1914.

Date of Act:	1895-1915.
Interest Rate Allowed:	2 per cent. per month not chargeable in advance.

Other Fees and Charges Allowed: \$2.00 for loans over \$50.00
 1.00 for loans under 50.00
 Limitation on Amount of Loan: No loan shall be for more than \$200.00.
 Licensing Requirements: Every personal loan company must file a bond with the Superintendent of Banks in amount equal to 1/10th of the capital stock of the company and not less than \$3,000, which must be renewed annually.
 Limitation on Dividends: No broker shall be allowed to draw profits of more than 12 per cent. on the original capital, after allowing for reasonable expenses, under penalty of being compelled to reduce interest charges.
 Rights of Borrower Under Act: On proof of violation of Act debt is discharged and security void.
 Penalty for Violation: Violation shall be deemed a misdemeanor.

Remarks: Any person offending against any provision of this Act is a competent witness against any other person so offending and shall not be liable to prosecution for such violation and the testimony shall not be used against the person so testifying. (Section 370.)

No company or person shall publish or cause to be published any statement as to rates, credit, etc., which is false or calculated to deceive, or he shall be considered guilty of misdemeanor.

OHIO: Acts of 1915, Sections 6346-1 to 6346-10.

Date of Act: May 11, 1915.
 Interest Rate Allowed: 3 per cent. per month.
 Other Fees and Charges Allowed: \$1.00 inspection fee on loans up to \$50. which run for not less than 4 months.
 Limitation on Amount of Loan: None.
 Licensing Requirements: All persons charging over 8 per cent. per annum must be licensed by the Superintendent of Banks. License fee \$100. Bond \$2,000. Applicant shall give full information to the Superintendent as to personnel of company and shall submit to inspection.
 Limitation on Dividends: None.
 Rights of Borrower Under Act: On violation of the Act contract shall be void.
 Penalty for Violation: Punishable by fine of from \$50 to \$200 for first offense: \$200 to \$500 and imprisonment up to 6 months for second offense; also revocation of license.

OREGON: Chap. 219 of the General Laws of 1915, repealing Chapter 278 of the General Laws of 1913.

Date of Act: 1915.
 Interest Rate Allowed: 3 per cent. per month. Minimum charge \$1.00.
 Other Fees and Charges Allowed: None.
 Limitation on Amount of Loan: No loan greater than \$300 to any one person.
 Licensing Requirements: Must secure license to loan money at a greater rate than 10 per cent. per annum. License fee \$100, granted only to bona fide residents of the State of Oregon. Bond \$1,000. Company must keep register showing amount loaned, date loaned, date due, rate of interest, etc.

Penalty for Violation:	None.
Limitation on Dividends:	No special rights given under the Act.
Rights of Borrower Under Act:	Violation of Act shall be considered a misdemeanor.

Remarks: Any assignment of salary bearing interest greater than 10 per cent. shall have no legal force or effect unless the assignment recite on its face that it is executed to secure a loan made in conformity to this Act and recorded in the Loan Register of the lender.

PENNSYLVANIA: Chapter 432, of the Acts of 1915.

Date of Act:	1915.
Interest Rate Allowed:	2 per cent. per month on loans up to \$100. 2 per cent. per month on loans from \$100 to \$300.
Other Fees and Charges Allowed:	No charge up to \$15.00. \$1 for loans from \$15 to \$50. \$2 for loans of \$50 and over.
Limitation on Amount of Loan:	\$300.00.
Licensing Requirements:	License issued by the Banking Commissioner. Fee \$50; bond \$5,000. Must make full statement of personnel of company, etc., in application for license.
Limitation on Dividends:	None.
Rights of Borrower under Act:	Person paying excess interest may recover sum paid, with interest at 6 per cent. and a penalty of \$50.00.
Penalty for Violation:	Fine of \$500.00 for first offense; fine and imprisonment up to 6 months for each subsequent offense.

RHODE ISLAND: Chapter 838 of the Laws of 1912; amendment to Section 1, Chap. 434 of the Public Laws of 1909.

Date of Act:	1912.
Interest Rate Allowed:	3 per cent. a year on loans over \$50.00; 5 per cent. per month for the first 6 months and thereafter 2½ per cent. per month on amounts less than \$50.
Other Fees and Charges Allowed:	None.
Limitation on Amount of Loan:	None.
Licensing Requirements:	None.
Limitation on Dividends:	None.
Rights of Borrower under Act:	Contract in violation of act is usurious and void, except as to bona fide holders.
Penalty for Violation:	Fine up to \$500.00 or imprisonment up to 6 months.

TENNESSEE: Chapter 109 of the Laws of 1905.

Date of Act:	1905.
Interest Rate Allowed:	6 per cent. per annum.
Other Fees and Charges:	Lender may charge for investigating security as follows: 50c for loan of \$5.00 or less. 70c for loan from \$5.00 to \$10.00. \$1.00 for loan from 11.00 to 20.00. 1.50 for loan from 21.00 to 35.00. 2.00 for loan from 36.00 to 60.00. 6 per cent. of amount of loan on loans over \$60.00.

Limitation on Amount of Loan: None.

Licensing Requirements: Every firm in the business of making loans on personal property, wages or salaries must obtain a license. License shall be issued by the licensing officer of the City or the County Clerk if outside incorporated city. Bond of \$1,500 must be filed. Record of loans, renewals, payment of interest, etc., must be kept open to the inspection of all officers of the laws and the grand juries on penalty of revocation of license.

Limitation on Dividends: None.

Rights of Borrower under Act: Payments made in excess of the legal rate shall be considered as payments on the principal.

Penalty for Violation: All who engage in business without license shall be guilty of misdemeanor and "grand jury is hereby given inquisitorial powers over all violations of Act."

VIRGINIA: Chapter 156 of the Acts of 1906.

Date of Act: March 12, 1906.

Interest Rate Allowed: 6 per cent.

Others Fees and Charges Allowed: Lender may charge fee for investigating security:
50c on \$ 5.00 or less.
75c on 5.00 to \$10.00.
\$1.00 on 10.00 to 20.00.
1.50 on 20.00 to 35.00.
2.00 on loans over 35.00.

Limitation on Amount of Loan: Act does not apply to loans made at one time in amounts over \$150.00.

Licensing Requirements: Must be licensed in order to conduct business of making personal property and wage loans. Fee \$100. Must also file bond, \$1,000, with the Clerk of the Circuit Court.

Limitation on Dividends: None.

Rights of Borrower under Act: Any fee in addition to those prescribed or interest in excess of legal rate shall be considered as payment on the principal, and the license of the person so charging may be revoked.

Penalty for Violation: None. License may be revoked in discretion of Circuit Court.

WISCONSIN: Chapter 278 of the Laws of 1905, as amended by the Act of July 23, 1915, or Chap. 79, Sections 1685 to 1692 of the Revised Statutes of 1915.

Date of Act: 1905-1915.

Rate of Interest Allowed: 10 per cent. per annum.

Other Fees and Charges Allowed: In case of secured loans lender may charge a fee of 7 per cent. per annum for \$100 or less, and 4 per cent. per annum over \$100.

Limitation on Amount of Loan: None.

Licensing Requirements:

Must obtain permit from the Commissioner of Banking to do business and books are open to his inspection.

Limitation on Dividend:

None.

Rights of Borrower under Act:

All contracts reserving a greater rate of interest than 10 per cent. per annum shall be valid as to the principal sum but not as to the interest, and every person who has paid greater than the legal interest may recover treble the amount of money so paid.

Penalty for Violation:

Any person receiving more than 10 per cent. interest shall be deemed guilty of a misdemeanor and subject to fine and imprisonment.

APPENDIX C.

Loan Shark Documents.

Form No. 1.

STATEMENT _____

Chicago, _____ 19__

For the purpose of obtaining credit from _____ and with the knowledge of, and special reference to Paragraph 199, Section 97, Chapter 38, Revised Statutes of Illinois (which law applies to obtaining credit by false representations), I do hereby affirm as follows:

My full name is _____ Age _____ Married or Single _____

Employed by _____

For _____ years. Position _____ Salary \$ _____ per _____ payable _____

Working under _____

Formally with _____ for _____ years

I _____ for _____ years, where I _____

formerly lived _____ for _____ years, where I _____

I have accounts with _____

My total indebtedness does not exceed \$ _____ My personal property is worth \$ _____

Never was in bankruptcy _____

I do not owe any money lenders? _____ Who _____

Parents _____

Wife's Parents _____

Brothers _____

Sisters _____

Insurance _____

Labor Union _____

Height
Weight
Eyes
Hair

These statements are made for the sole purpose of securing credit from you, and with the full knowledge on my part that if they are not true and I am granted a loan, it will be securing money under false pretenses.

(SEAL)

The statement which is given to the applicant to fill out when he applies for a loan. The reference to Chapter 38, Revised Statutes, is particularly impressed upon him, and full name, no matter how long, is insisted upon. Applicant is **never considered** if he has been through bankruptcy proceedings.

This information and that in form No. 5 is particularly valuable to the "skip-hunter," as the tracer is called, in case the victim decamps.

James M. 2-A
 \$25⁰⁰ Folio 10
 Chicago, Ill., Nov-13 1916
 DOLLARS
 For value received, I promise to pay to the order of Myself *Twenty Five*
 to be paid in 4 } Installments of \$7⁵⁰ each
 Beginning 11-18-16

With interest at seven per cent per annum after
 ment thereof, I agree to pay a fee of \$5 if placed in the hands of an attorney for collection or if any security given herefor is foreclosed or enforced. I do
 the exhaustion of all legal remedies hereon. I do hereby waive any and all notice of whatsoever kind or nature and I waive
 In Consideration Whereof, I do hereby authorize and empower any other Attorney of any Court of Record, in term time or vacation, to enter my
 errors and irregularities that may occur in entering up judgment, hereon, and further to agree that no appeal or writ of error shall be taken and release all
 judgment entered by virtue hereof, nor any bill in equity filed to interfere in any manner with the operation of said judgment or execution. Issued hereon
 and without further notice to anyone, reader the entire sum above mentioned at once due and payable.
 Witness my hand and seal the day and year first above written.

James S. O. Smith
 31 West 41st St
 40 Mandel Bros

Form No. 2-B
 \$5⁰⁰ Folio 10
 Chicago, Ill., Nov-13 1916
 DOLLARS
 For value received, I promise to pay to the order of Myself *Five*
 to be paid in } Installments of \$ each
 Beginning 11-18-1917

With interest at seven per cent per annum after
 ment thereof, I agree to pay a fee of \$5 if placed in the hands of an attorney for collection or if any security given herefor is foreclosed or enforced. I do
 the exhaustion of all legal remedies hereon. I do hereby waive any and all notice of whatsoever kind or nature and I waive
 In Consideration Whereof, I do hereby authorize and empower any other Attorney of any Court of Record, in term time or vacation, to enter my
 appearance therein, and at any time after date hereof, costs and \$25.00 Attorney's fees, to consent to immediate issue of execution to waive and release all
 judgment entered by virtue hereof, nor any bill in equity filed to interfere in any manner with the operation of said judgment or execution. Issued hereon
 and without further notice to anyone, reader the entire sum above mentioned at once due and payable.
 Witness my hand and seal the day and year first above written.

James S. O. Smith
 31 West 41st St
 Mandel Bros

For the purpose of securing money on this note,
James S. O. Smith
 hereby specially state and represent that I am past 21
 years of age; that I am not obligated on any other note
 outstanding and that I am not indebted to anyone on any
 note in any other way to pay out any money in excess
 of the sum of \$ *Two dollars* that my
 personal property is worth \$ *600⁰⁰*
 above my legal exemptions and is not mortgaged; that I
 am regularly employed by *Mandel Bros*
 at a salary of \$ *2.50* per week
 payable on *Saturdays*
 and will not be assigned or sold
 31 West 41st St
James Stephen Patrick
Smith
 My full name is

For the purpose of securing money on this note,
James S. O. Smith
 hereby specially state and represent that I am past 21
 years of age; that I am not obligated on any other note
 either as maker, guarantor or endorser, that there is no
 outstanding and that I am not indebted to anyone on any
 note in any other way to pay out any money in excess
 of the sum of \$ *Two dollars* that my
 personal property is worth \$ *600⁰⁰*
 above my legal exemptions and is not mortgaged; that I
 am regularly employed by
 at a salary of \$ *2.50* per week
 payable on *Saturdays*
 and will not be assigned or sold
 31 West 41st St
James Stephen Patrick
Smith
 My full name is

Two notes are then made out, one for the principal and one for the "premium," as they call it. These are made payable to self and indorsed by the applicant making loan, and are negotiable. If this indorsement is by accident overlooked, the word "myself" is stricken out and the loan agent's name inserted. In signing this note, the applicant signs an agreement binding him to greater possible expense than the "premium," and also a power of attorney, also agreeing to certain waivers of legal rights which are inalienable if he were aware of the fact, which he generally is not. In case of protest by applicant or refusal to pay, the second or "premium" note is filed or destroyed and the principal note is taken as basis of action, which is unlikely, as it embodies a contract for more than originally agreed.

Form No. 3.

For a Valuable Consideration, to me in hand paid by the receipt of which is hereby acknowledged, I hereby sell, transfer and set over to his heirs, legal representatives and assigns, all salary, wages (and claims for same), earned and to be earned, and all other claims and demands due me or to become due me from any person, firm, company or corporation by whom I am now employed or may hereafter be employed, and who does or may owe me money for any consideration whatsoever, until each and every of my said obligations to said assignee are paid; and I hereby authorize and direct any person, firm, company or corporation who is indebted to me, and receiving notice of this assignment, to pay any and all amounts of money held to my credit, to the holder of this instrument; and I hereby authorize and empower the holder hereof to receive said amount or amounts and receipt for same in my name.

In consideration of his interest in the subject-matter, I hereby irrevocably appoint my attorney in fact and authorize and empower him in my name, place and stead to execute and deliver to the holder of this instrument a further assignment or assignments at any time or times and as often as may be necessary, in his discretion for the purpose of securing to my said assignee, his heirs, legal representatives and assigns, the indebtedness obligation and liability aforesaid and I do hereby covenant and agree that I will not and that my heirs, legal representatives and assigns shall not, and no person, whether employer or otherwise, shall for me or to my benefit or advantage deny the due and lawful execution of said assignment or assignments made in pursuance and by virtue hereof, or in any manner question, dispute, litigate or controvert the validity of same; and I hereby ratify and confirm all acts that my said attorney may do hereunder.

Witness my hand and seal at Chicago, Ill., this day of A. D. 191...

..... (SEAL)

..... (SEAL)

Form No. 3 is a wage assignment and power of attorney combined, of the most iron-clad type, representing "many years of experience and much thought to cover every possible loophole for evasion" on the victim's part. Two instruments are combined here, as in No. 1, principally to avoid exciting fear or suspicion by the presence of too many documents. To the uninitiated it appears concise and businesslike—rarely read, rarely understood.

APPENDIX D.

The National Federation of Remedial Loan Associations.

I. Members of the Federation.**

	Organized
1 Collateral Loan Co., Boston Mass. Thomas J. Reid, Gen. Mgr.....	1859
2 Workingmen's Loan Assn., Boston, Mass. T. A. Richardson, Mgr..	Apr. 1888
3 Economy Building & Loan Co., Cleveland, Ohio. D. H. Pond, Pres.	Dec. 1892
4 St. Bartholomew's Loan Assn., New York, N. Y. J. R. Ferguson, Mgr.	Feb. 1894
5 Provident Loan Society of New York, N. Y. Frank Tucker, Vice-Pres.	May 1894
6 Worcester Collateral Loan Assn., Worcester, Mass. C. E. Burn- ham, Treas.	Nov. 1896
7 Workingmen's Loan Association, Providence, R. I. Chas. F. Bige- low, Mgr.	Jan. 1898
8 Chattel Loan Assn. of Baltimore City, Md. W. N. Finley, Mgr....	May 1898
9 First State Pawnors' Society, Chicago, Ill. Samuel Wolfort, Mgr..	Nov. 1899
10 Citizens' Mortgage Loan Co., Cincinnati, Ohio. Hugh Cavanaugh, Mgr.	June 1900
*11 Society for Savings and Loans of Washington, D. C. J. T. Exnicios, Treas.	Jan. 1905
12 Provident Loan Society of Milwaukee, Wis. J. H. Rubin, Mgr....	Feb. 1905
13 Newark Provident Loan Assn., Newark, N. J. Wm. F. Davis, Mgr..	Apr. 1905
14 Workingman's Collateral Loan Co., Cleveland, Ohio. A. D. Bald- win, Secy.	Apr. 1906
15 Provident Loan Society of Detroit, Mich. John E. Ryan, Mgr.....	July 1906
16 Chattel Loan Co., Grand Rapids, Mich. F. E. Stroup, Treas.....	Jan. 1910
17 Equitable Loan Assn., Minneapolis, Minn. R. C. Glidden, Mgr....	Apr. 1910
18 Provident Loan Society, St. Louis, Mo. C. M. Kelly, Mgr.....	June 1910
19 People's Provident Association, Louisville, Ky. R. M. Rutherford, Mgr.	Oct. 1910
20 Remedial Provident Loan Association, Paterson, N. J. F. X. Meegan, Mgr.	Nov. 1910
21 Welfare Loan Agency, Kansas City, Mo. M. M. Powers, Supt.....	Dec. 1910
22 Provident Loan Society, Seattle, Wash. H. C. Henry, Pres.....	Jan. 1911
23 People's Loan Co., Portland, Me. C. A. McCarty, Treas.....	Dec. 1911
24 Chattel Loan Society of New York, N. Y. L. D. Mapes, Mgr.....	Feb. 1912
25 Provident Loan Society, St. Paul, Minn. D. S. Coffey, Mgr.....	Feb. 1912
26 Utica Provident Loan Assn., Utica, N. Y. George E. Upson, Mgr...Mar.	1912
27 Provident Loan Assn., Sioux City, Iowa. A. L. Whitmer, Pres....Apr.	1912
28 Indianapolis Public Welfare Loan Assn., Indianapolis, Ind. C. R. Jones, Mgr.	Nov. 1912
29 San Francisco Remedial Loan Assn., San Francisco, Cal. Albert C. Auger, Mgr.	Dec. 1912
30 Provident Loan Society, Rochester, N. Y. F. A. Phillips, Mgr.....	Dec. 1912
31 Remedial Loan Society, Buffalo, N. Y. Charles H. Brown, Jr., Mgr.	Jan. 1913
32 Onondaga Provident Loan Assn., Syracuse, N. Y. Erasmus Pellenz, Mgr.	Mar. 1913

33	Duluth Remedial Loan Assn., Duluth, Minn. Harry E. Berg, Mgr.	May 1913
34	Equitable Collateral Loan Co., Youngstown, Ohio. John E. Taylor, Mgr.	June 1913
35	First State Industrial Wage Loan Society, Chicago, Ill. Arthur E. Hill, Mgr.	Nov. 1913
36	Portland Remedial Loan Assn., Portland, Ore. C. Myers Herrman, Mgr.	Feb. 1914
37	Provident Loan Society, Dallas, Tex. M. J. Jacobus, Mgr.	June 1914
38	Remedial Loan Company of Philadelphia, Pa. Frank S. Benson, Mgr.	Oct. 1914
39	Toronto Municipal Loan Assn., Toronto, Ontario. W. P. Morgan, Secy.	Dec. 1914
40	Lynn Remedial Loan Society, West Lynn, Mass. Arthur J. Northrup, Mgr.	Apr. 1915

*Resigned.

**According to Convention Proceedings, 1915. The Proceedings for 1916 are not yet published.

II. Constitution of the Federation:

NAME. This organization shall be known as The National Federation of Remedial Loan Associations.

OBJECT. The object of the organization shall be to encourage the formation of local organizations and to aid and direct persons interested in the work and who contemplate organizing remedial societies, giving information and advice concerning legislation, finance, problems of administration, and general information necessary for organization and management.

MEMBERSHIP. Subject to the decision of the Executive Committee, all societies shall be admitted to membership that have been organized to make small loans at reasonable interest rates, and have given evidence of their social purpose by limiting the returns that they shall pay to their shareholders to a reasonable rate, in accordance with the investment standards of the communities in which they operate.

The annual membership dues shall be \$25.00; societies admitted during the fiscal year of the Federation shall pay a proportionate amount for such part of the year as they shall be members.

OFFICERS. The officers of the Federation shall be a Chairman and a Secretary-Treasurer. These with seven others appointed annually by the Chairman shall constitute the Executive Committee. Any vacancies occurring between conventions shall be filled by the Executive Committee.

This Federation shall be affiliated with the national Conference of Charities and Correction and shall meet annually, wheresoever practicable, as a part of the National Conference, endeavoring to bring its particular problems to the attention of the Conference and benefiting by the work of the Conference in general.

BUREAU OF INFORMATION.

OUTLINE OF SOCIAL SURVEYS IN PROGRESS OR RECENTLY COMPLETED, REGISTERED WITH THE BUREAU OF INFORMATION.

The need of a central bureau of registration or clearance, where accurate and definite classified information may be obtained of what is being done or contemplated in the Chicago field of social research, has, no doubt, been experienced by those who have undertaken a survey or investigation. Realizing the importance of having such information centralized, as a means of avoiding duplication, saving time and effort, and promoting efficiency in social research work, as well as for its own use and purposes, the Department of Public Welfare has compiled a catalogue of all Chicago surveys, studies and investigations relating to the physical city, the people of the city and their activities. In the catalogue are also listed books, reports and pamphlets bearing upon Chicago issued by governmental agencies, civic and social organizations, and private individuals. Articles appearing in magazines and other periodicals since 1910 are entered, and maps and charts illustrating social conditions are described.

The value of this Catalogue depends upon its completeness, and the success of this undertaking will depend, in a large measure, upon the co-operation and team work of the agencies in registering with the Bureau, surveys, studies or investigations contemplated or entered upon. It is useful to all, all should strive to make it useful.

It is hoped by repeated announcements in the Bulletin to arouse interest and enthusiasm and awaken the social workers to a realization of the advantages of such central registration.

An outline of the more important surveys recently completed or in progress in Chicago, recorded with the Bureau of Information, follows: A few of these have been outlined by the person in charge of the work.

Intensive Tuberculosis Survey. By the Municipal Tuberculosis Sanitarium. Sept., 1916, to—

The Municipal Tuberculosis Sanitarium is making an intensive survey of eight square miles of Chicago bounded by North avenue, Twenty-second street, Ashland avenue and State street. This district embraces some of the worst districts of Chicago, as far as the number of tuberculosis cases, congestion, poverty and poor housing are concerned.

The purpose of this survey is essentially educational and with the hope of arousing the community to the betterment of conditions existing in this section. The method of making this survey is as follows:

The eight square miles are divided into two divisions, one north and one south, the north division being under the supervision of Dr. Clarence L. Wheaton and the south four miles under the supervision of Dr. John Ritter. The whole survey is under the direction of Dr. Thomas A. Hogan. Each four miles is divided into four districts a mile square, each under the direction of a supervisor. Each supervisor in turn has four field men working under him. In other words, each field man has a quarter of a square mile as his particular territory.

A house to house canvass is made, including factories, and particularly factories in which food is manufactured or handled, as well as restaurants, hotels, etc. Each individual is examined and, if found to be tubercular, complete report is made out and sent to this office, where the information is detailed. This tally consists of social, natal, occupational, housing and clinical details.

The superintendents and supervisors are old dispensary men, trained in tuberculosis work, of many years' experience. All of the field men are physicians and the majority of them are taken from Civil Service list.

In addition to the statistical tally sheets, we have a map on a scale of 200 feet to the inch, upon which all deaths from tuberculosis during the year shall be spotted, as well as each case of tuberculosis. This spot map shall be used as an exhibit for educational purposes.

We estimate that this survey, which began September 1st, shall take from six to eight months to be completed.

THOMAS A. HOGAN, Medical Director.

Cook County Survey of the National Committee of the Mental Hygiene Society.

Dr. Herman M. Adler, Assistant Professor of Psychiatry, Harvard University, until recently Chief of Staff of the Boston Psychopathic Hospital, has commenced a study of the facilities for dealing with mental disease and mental deficiency in Cook County, Illinois. This survey, from which most important results are expected, is made at the request of the Committee on Local and State Charities of the Chicago City Club and of the Illinois Society for Mental Hygiene. It will be under the general direction of the National Committee for Mental Hygiene and expenses will be met by a special appropriation made by the Rockefeller Foundation. Dr. Adler will devote his whole time for a period of at least six months to this survey and, with the co-operation of public officials and private agencies and individuals interested, will be able to give to Cook County a report of great value in setting up constructive and scientific methods of attacking what is probably the County's greatest problem.

Miss Frances Porter is associated with Dr. Adler in this survey and the services of other workers to cover special departments of this investigation will be secured.

(Summary from outline by Dr. Adler.)

Industrial Survey of Chicago.

By the University of Chicago, School of Commerce and Administration, under the direction of Prof. F. M. Simons.

The following industrial surveys are in progress:

1. The Incidence of Industrial Location.
2. Investigation of Stock Handling and Stock Handling Standards.
3. Investigation of Forms used in Connection with Various Methods of Handling Orders in the Wholesale Grocery Business.
4. Field Work in connection with Advanced Work in Industrial Organization.
1. *The Incidence of Industrial Location.*—In this work an attempt is being made to plot the actual locations of twenty-seven of the principal manufacturing industries of Chicago. This work is being done in co-operation with the City Club and the Chicago Board of Underwriters.

Briefly, the work consists of plotting on a series of base maps and with distinctive designations the locations of the various plants of the industries involved. The work is by nature slow and painstaking, and will occupy a considerable period of time. As a result of this survey it is hoped to be able to work out the factors of industrial location in the Chicago district, and to secure information which might be used for districting purposes, or for the rational location of individual industrial establishments.

2. *Investigation of Stock Handling and Stock Handling Standards.* This work is being conducted in co-operation with the Western Efficiency Society and with the Chicago Association of Commerce. Questionnaires

on stock handling have been prepared by experts in the practical field and approved by the auditors of two of the largest corporations in the city.

These questionnaires are now in the hands of undergraduate students, who are making the field investigations under the joint supervision of their instructor and several interested business men. The actual field work has been under way for but a few weeks, but, in view of the practical character of the questionnaires and the co-operation which is being secured, all are optimistic as to the possibilities for setting up useful standards.

3. *Investigations of Forms Used in Connection with Various Methods of Handling Orders in the Wholesale Grocery Business.*—This is again a question of standard practice and an attempt to find out actual conditions of operation. The usefulness of such a survey, from the standpoint of accounting and administrative control, is apparent.
4. *Field Work in Connection with Advanced Work in Industrial Organization.*—This work is in the nature of a co-operative research. About thirty advanced students are working on an average of five hours a week in the co-operating plants, studying the processing and organization problems of the plant, and making weekly reports which, while available at all times to the plant executive concerned, are confidential in character.

The degree of co-operation secured in this work constitutes a real tribute to the open-mindedness of our Chicago business executives. The matter was put up to them as an opportunity of giving a group of interested young men an insight into actual manufacturing conditions, and they were told frankly that there would be, in all probability, no practical returns. The degree of co-operation secured has been very full and satisfactory, and the students are undoubtedly securing an unusual opportunity.

NOTE IN RESEARCH No. 2:

In conclusion there should be mentioned a co-operative research plan under which Research No. 2 is being conducted. The Stock Handling questionnaire now in the field is one of a series of questionnaires involving: (a) purchasing methods; (b) stock handling; (c) time and motion study; (d) organization. Questionnaires for all four investigations are complete.

The Purchasing questionnaire has been tried out in the field, and some forty replies have been secured, but the committee is as yet unwilling to publish any results, inasmuch as they feel that the intensive methods used should be checked by further extensive work before any attempt at generalization is made.

The other questionnaires have been tried out in only a limited way, but sufficiently to test out their practical usefulness. The plan now is to push the Stock Handling research to completion before attempting to put the other investigations in the field.

F. M. SIMONS.

Survey of the West Side Y. M. C. A. District.

For the purpose of obtaining information concerning its neighborhood on which to base a constructive program of future activities, the West Side Branch of the Chicago Y. M. C. A. is conducting a social survey of its field. The territory included is bounded by Kinzie street on the north, the River on the east, Twenty-second street on the south and Rockwell street on the west. The survey is being conducted under the following heads: industrial, educational, religious, recreational, governmental agencies, social service institutions, hotels and lodging houses, vacant lots, assembly halls, saloons and pool halls, formal organizations, etc. Maps are being prepared to show the location of the various items sought, and schedules are being used to record information concerning each of them. The field work is being done by graduate students of the Young Men's Christian Association College, under the direction of Earle E. Eubank.

Survey of the Thirty-second Ward. By the Educational and Civic Department of the Ridge Park Woman's Club. October 1, 1915, to

A survey of the entire ward is being made under the direction of Mrs. Frank Kapple. Questionnaires are being used and information secured on all constructive and destructive agencies in the community—churches, schools, playgrounds, parks, polling places, moving picture theatres, pool rooms and saloons.

This survey will appear in published form. A map of the ward embodying this data has been made and may be consulted at the Ridge Park Field House, Ninety-sixth street and Malden parkway.

Moving Picture Theatre Investigation. By the Chicago Political Equality League. November, 1915, to April, 1916.

This survey was made with the purpose of discovering the proportion of plays having objectionable features; violations of the law as to pink permits, bad ventilation, non-observance of fire ordinance, etc. The points covered by the schedule included name of theatre, proprietor, maker of films, posting of permits, admission of minors, name of play, character of plot, with special reference to its moral effect.

The survey covered every ward in the City of Chicago. Mrs. Guy Blanchard, Chairman of the Moving Picture Committee, conducted the survey, assisted by forty-five sub-chairmen, one from each police precinct, and precinct workers, comprising a working staff of over four hundred women.

This survey has not appeared in printed form, but the files and reports are accessible by applying to Mrs. Florence B. Gray, Tel. Wellington 6166, Secretary of the Chicago Political Equality League.

Citizenship Survey of Jewish Residents. By Chicago Hebrew Institute. October, 1915, to August, 1916.

A survey of the territory within the Nineteenth Ward. The objective of this survey was to secure facts regarding citizenship of neighborhood Jewish residents. Twenty-one hundred families were visited and the following data secured by schedule: The number of immigrants who had become citizens; the number of those not applying, and the reasons stated for such failure; the attitude of the immigrant toward citizenship; literacy in relation to citizenship, industry and citizenship.

This survey was made under the direction of Phillip L. Seaman. Miss Lucille Windette, Investigator. It is now in process of publication.

A Survey of the First Ward. By The Social Service Commission of the Rock River Conference of the Methodist Episcopal Church.

Wabash Ave. Methodist Episcopal Church is one of three churches in the heart of this populous ward, the other two being Grace Protestant Episcopal Church and St. Mary's Roman Catholic Church. The field ministered to by these churches was once characteristically residential but now, while containing as many people as formerly, is crowded with rooming houses, cheap and vile lodging houses and low grade places of amusement.

In order that the church might put on a program of activities which would meet the needs of the area, the commission conducted for them a survey. The work was under the immediate direction of Rev. R. N. Miller of the Commission. A house to house canvass was made of the entire ward by thirty students from Chicago University and the Methodist Chicago Training School. Special expert canvassers were employed with responsibility over special phases of the investigation. The points covered in the investigation were industrial, recreational, educational, political and religious conditions. The report revealed a situation second to none in the city in amount of vice and crime, per cent of illiteracy, amount of intemperance and general immoral conditions.

The comprehensive survey has not been published in full. Graphic and telling charts have been made. This material has been presented by the pastors of the church, Drs. Pierce and Beck, and the parish visitor, Miss Beal, to groups of social and religious workers throughout the city.

The survey furnished the information which inspired the new program of service the church has undertaken in the upper South Side of the city.

F. O. BECK, Ph.D.

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COOK COUNTY SURVEY OF THE NATIONAL COMMITTEE OF THE MENTAL HYGIENE SOCIETY.

(An outline of this Survey appears on page 83.)

Intelligent American cities are no longer attempting to deal with their great problems of dependency and delinquency by measures applicable only to groups of persons. It has come to be generally understood that these persons who, for one reason or another, become a charge upon the community must be dealt with as individuals and, as individuals, either helped to self-support and right living or segregated from the community in institutions where they may receive appropriate care and education or live out their lives under supervision. We recognize now that the success of efforts for the economic or social reconstruction of an individual depends chiefly upon that individual's personal resources, and that among these resources none compares in its importance with his mentality. With a normal mind, severe physical and economic handicaps may be overcome; with a mind that is defective from birth or that has been damaged by disease, the best-planned efforts at reconstruction are doomed to failure. Already there is abundant evidence that feeble-mindedness, mental disease and other maladjustments underlie an enormous proportion of the cases of dependency, criminality and inebriety which heavily tax the city's resources.

Although the controlling importance of mental factors in such problems have come to be widely recognized, the method by which a community can best deal with these factors is the subject of the widest difference of opinion. Experiments are being tried in one place which have failed in other places and will fail wherever tried because they are not based upon scientific conceptions of the nature of mental disease or mental defects. There being no mechanism in the city government fitted to deal with all phases of these problems, there exists great uncertainty as to what should be done.

Fortunately, these are not wholly matters for experiment. Modern studies of psychiatry have provided us with extremely useful means of diagnosis and classification, and enough work has been done already in different parts of the country to show which methods are advantageous and economical and which are disadvantageous and wasteful. Perhaps nowhere in the United States has a more successful attempt been made to bring the resources of the study of the mind to bear upon the solution of social problems than in Boston. Here the Psychopathic Hospital stands ready to serve the community in whatever way it can. The parent with a queer child, the magistrate with a problem concerning delinquency, the teacher with a difficult pupil, all can bring their troubles to the Psychopathic Hospital, and there secure the best advice which men trained in this work are able to give.

The need of an expert, impartial study of the methods of dealing with mental diseases and mental deficiency has been recognized recently in a number of different places. At the request of Governors of the States, State boards of control, State boards of charities and social or civic organizations, the National Committee for Mental Hygiene has conducted or is at present undertaking such studies in Tennessee, Wisconsin, South Carolina, Louisiana, California, Connecticut, Georgia and Texas.

The Mayor and the Board of Estimate of New York City have seen growing up in their community a number of unorganized attempts to deal with what are apparently different phases of the same problem, and within a few weeks a special committee has been appointed by the Mayor consisting of the Commissioner of Accounts, the Commissioner of Public Charities, the Commissioner of Corrections, the Chairman of the Parole Board and the Presiding Justice of the Children's Court, to present a constructive plan for the examination, classi-

fication and proper treatment of mental defectives who present perplexing difficulties in nearly all remedial or correctional work which the city undertakes. The Mayor's Committee has requested the National Committee for Mental Hygiene to make for it just such a survey as the study about to be commenced in Chicago and the services of a psychiatrist of wide experience has been secured. Thus studies of the same subject will be carried on simultaneously under the same general direction in the two largest cities of the country. The comparison of conditions and remedies which will be possible will be added to the value and interest of the two reports.

DR. HERMAN M. ADLER, Director.

THE VISITING TEACHER IN CHICAGO SCHOOLS.

Through the co-operation and support of the Chicago Woman's Club a type of work new to Chicago has been inaugurated in the Jones School. The Visiting Teacher is no novelty in New York and Boston where the work has proved of great value for the past ten years, but the experiment has never before been tried here.

The position was filled for the first time in March, 1916, and has been slowly evolving ever since. Without duplicating in any way the work of other departments, the Visiting Teacher seeks to bring into closer co-operation the school and the family in the interests of the child, so that through an extended knowledge of the home conditions the backward and difficult may be more effectively dealt with in the class rooms.

Each Visiting Teacher must work out her own field of action in relation to the needs of the community in which her school is situated. The school grows to be more and more the center of public and social life in the poorer districts of our big cities; so that by becoming identified through every possible means with the life of the community the Visiting Teacher can further the co-operative influence of the school.

In the treatment of cases coming to the attention of the Visiting Teacher she will use all available resources, and whether the need is relief, or employment, or a doctor's care will refer the case at once to the proper source.

Following up the boys returned from the Parental School suggests a possible line of work badly needing attention. In the case of four boys returned to the Jones School this fall, visits have been made to the homes and a friendly relationship established with the parents. The boys will be kept track of and every effort made to interest them in some club so that they will not so easily fall into old habits.

The Community Center at the Jones School which meets twice a week, will be another line of contact between the parents and the Visiting Teacher, and through her visits to the homes she will be able to stimulate interest in its different activities.

In short the Visiting Teacher will take up any line of work which falls without the province of other departments, and which bears on the social, physical, or moral welfare of the children.

The Visiting Teacher now in charge of this new work in the schools is Miss Letitia Fyffe. It is hoped that this work will later be taken over by the Board of Education and such activities established in each congested district.

CLYDE A. BROWN, Principal Jones School.

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